

IMPROVING NEIGHBORHOODS IN SAN JOSE:
PROPOSALS SUBMITTED BY THE
MEASURE "B" TASK FORCE TO
THE CITY OF SAN JOSE
NOVEMBER 1, 1975

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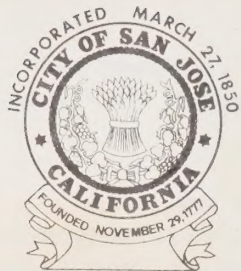
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CITY OF SAN JOSE
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October 27, 1975

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MEASURE "B"
TASK FORCE

Mr. Ted Tedesco, City Manager
San Jose, California
801 N. First Street
San Jose, California 95110

Dear Mr. Tedesco:

The Measure "B" Study recommendations cover a broad range of important issues relating to future residential development in San Jose. The full set of recommendations along with the complete text for the section on school capacity is attached. The text for the remaining sections is not presently available but will be forwarded on or before November 20, 1975. The Task Force believes it is important to discuss all recommendations and the full text before final decisions are made.

All recommendations were unanimously adopted by the deliberating Task Force with the exception of a minority position supporting market entry housing.


Some study recommendations, such as those for schools, are intended for immediate approval and implementation. Other recommendations are intended for immediate approval but actual implementation would occur later. The recommendation to establish Master Environmental Impact Reports (MEIRs) is an example of the latter. Approval of the MEIR proposal now would allow the development of MEIRs to begin as part of the EIR to be done on the City's new General Plan. Refinements and improvements would then be made in the future.

The recommendations on Urban Service Programs, necessary facilities and services, and environmental review policies provide a clear and rational way to avoid future service deficiencies and the kind of costly dilemma that now exists in San Jose's Almaden and Evergreen Valleys.

Measure "B" spotlighted school deficiencies. The Task Force recommendations on schools provide the City with a means of avoiding school impaction while maintaining City control of the urban development process.

The Task Force recommendations on housing focus on conservation and improvement of the existing housing stock as a way of providing an adequate range of housing types in the future. Most of our future City is already here. Urban conservation is an important new thrust for improving San Jose's housing future.

Providing essential and necessary public facilities and services in new residential areas as they develop will cost money that is likely to be reflected in higher costs for new homes. However, new areas should not become a liability on the whole City by causing a decline in police, fire, recreation and other service levels already at undesirably low levels.



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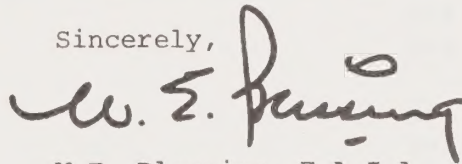
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October 27, 1975

It is not the intent of the recommendations to stop growth. Task Force recommendations provide a means of guiding and accommodating future residential development in an orderly fashion. The amount of future residential growth to occur in San Jose will be determined through the interaction of the economic/housing marketplace and application of the City's General Plan.

The Task Force Members appreciate the opportunity to help the City develop innovative and workable ways of guiding new residential growth. The Task Force has met about 50 times during the last 16 months. Two hundred and forty-seven agencies or organizations have been contacted and two public hearings have been held to receive public input and comment on the Task Force's recommendations. We feel the time has been well spent and we will spend whatever additional time may be needed to assure early and thorough action on the full range of our recommendations.

Sincerely,

A handwritten signature in dark ink, appearing to read "W.E. Blessing". The signature is fluid and cursive, with a large loop at the end of the last name.

W.E. Blessing, F.A.I.A.
Measure "B" Task Force Chairman

WEB:as

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INTRODUCTION

WHAT IS THE MEASURE "B" STUDY?

San Jose's voters approved Measure "B" in 1973.¹ The Measure expressed the concern that existing development review procedures were not adequate for dealing with rapid growth, inflation and other factors in the community that were making it difficult to provide the public services people wanted. School overcrowding was a major problem addressed by the Measure. Many schools were on double sessions and residents felt this situation created a poor environment for learning and growth. The Measure addressed this concern by requiring that a "satisfactory temporary alternative to permanent school construction" be assured before approving new residential development for school districts that were "impacted" (i.e., overcrowded).

Measure "B" also expressed concern about other environmental effects of continued residential development. In addition, the Measure asked how an equitable proportion of housing for all income levels could be included in all new developments. Measure "B" spoke to all of these issues, and more, by requiring that the City undertake a study within two years on the impact of further residential development. The Measure specified several areas for study, and asked that a method be developed to assure that new residential development provide a net benefit to the community.

The City Council created the Measure "B" Task Force, representing various sectors of the community, to work with City staff and Consultants in doing the Study required by the Measure. The Task Force has been actively pursuing this assignment since July, 1974.

The Task Force began by working with City staff to design the work program for the Study. A key Task Force concern was to integrate the work of the Measure "B" Study with other ongoing related studies. Considerable input was received from City staff during both the design and the implementation stages of the Study. Close staff and Task Force contact has been maintained with the General Plan 75 project to assure that the Measure "B" Study and the General Plan revision complement each other.

WHAT IS THIS REPORT?

This report presents the final recommendations of the Measure "B" Task Force. The Study recommends tools which offer potential for improving the quality of life for present and future residents of San Jose. In developing these recommendations, the Task Force

1. See Attachment 2 for a copy of the Measure.

received and evaluated ideas developed during the Study by City staff and by Consultants hired to do a major portion of the Study work.² The Task Force also considered a variety of comments received from agencies, groups, and individuals. These comments concerned Consultant Study recommendations and were received through written responses solicited by the Task Force and through two public meetings sponsored by the Task Force.

WHAT ARE CONCLUSIONS ABOUT GROWTH?

Work done in the Measure "B" Study points to the need for improved methods of dealing with new residential development and for improved methods of providing for conservation, rehabilitation, and renewal of established areas in the longer term.

It is clear that pressure for new residential development at the City's perimeter will continue for about the next four and one-half years. At present development rates (governed by physical and institutional constraints) all of the City's vacant residential land within the Urban Service Area will be urbanized within this time. An additional four to five years of residential development could occur in the Urban Reserve Area. Thus, within ten years, all of the presently uncommitted but developable residential land in the City's sphere of influence could be fully urbanized.

The Measure "B" Study recommendations will help assure that new residential development in San Jose will be a desirable addition to the City's urban pattern.

The Study recommendations will also help in achieving longer term improvements in conservation, rehabilitation and renewal of already developed areas.

Communities develop, age and change over time, requiring adjustments in the provision of facilities and services, the replacement of some items, and the occasional addition or deletion of a facility or service. Planning and programming for a mature city must speak to fiscal, facility, service, and environmental issues just as planning and programming for a developing city does.

The Study recommendations will provide important tools to help in meeting San Jose's long term needs of planning for a mature city. For example, the proposed Urban Service Programs will work equally well in either new or mature areas to define facility and service needs and to program funding to meet those needs.

IS MORE INFORMATION AVAILABLE?

The Bibliography in Attachment 3 lists many reports that were

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2. Livingston and Blayney, City and Regional Planners from San Francisco, were the Lead Study Consultants, and were aided by Le Blanc and Company, Economists from San Francisco, and Robert H. Twiss, Environmental Planner.

prepared for or by the Measure "B" Task Force as the Task Force worked toward its final recommendations. These background reports provide greater detail to refine the ideas presented as final recommendations. During the course of the Study these reports were distributed to interested agencies, organizations and individuals. Copies of these reports are available for review at City libraries, the City Clerk's Office and the Office of Policy Research.

ARE THERE ANY PARTS OF MEASURE "B" NOT COVERED HERE?

Measure "B" asked for a definition of optimum population. This issue was not studied by the Measure "B" Task Force. The City Planning Staff is currently in the process of revising the City-wide General Plan and will deal with the optimum population question in the General Plan work.

WHAT PARTS OF THE MEASURE ARE ADDRESSED IN THE STUDY?

The issues that have been studied by the Measure "B" Task Force cover the many areas discussed in the remainder of this report. Since the availability of school space was a major concern of voters in 1973, it is discussed first. Next, the report discusses means for determining whether or not a proposed development will provide a net benefit to the City. The following three Sections speak about policies and processes needed to determine net benefit. These Sections discuss Urban Service Programs, necessary facilities and services, and environmental review policies. Policies dealing with development taxes and charges for funding needed facilities and services are then discussed. A means of providing housing for all income levels is presented. Finally, recommendations concerning the overall residential development review process are discussed.

1. SCHOOL CAPACITY

Measure "B" Directive: Study "how all further residential development can be allowed to take place only with the assurance that all necessary community facilities will be provided concurrently with such development." Because school problems were the key factor that triggered passage of Measure "B", specific recommendations concerning schools have been identified independently of Section 4, which deals more comprehensively with Necessary Services and Facilities.

Study Objective: To insure that adequate school space is available for children from all residential development so that children are not required to be in overcrowded classrooms or on double sessions.

Recommended Policies: The City Council should:

1. Not extend Section 1 of the existing Measure "B" Ordinance, (which places a prohibition on the City Council to zone, rezone or prezone land for residential use) beyond consideration of the entire set of Measure "B" Study Recommendations.
2. Adopt a revised Measure "B" Ordinance which would include the following new items along with Section 4 (which remains in force until repealed by the voters):
 - a. Any residential development, including mobile homes, which has the effect of impacting any individual school or any school district should not be allowed to proceed unless a satisfactory temporary alternative to permanent school space is found.
 - b. Statements of impactation should be determined according to the square footage requirements used by the State Allocation Board and estimates of enrollment valid for use under Section 19420 of the California Education Code, as amended. Current square footage standards are defined in the following schedule:

Type of school	Enrollment	Sq. feet per pupil
Elementary school comprising kindergarten and grades 1 to 6 inclusive.....	300 or more	55
Elementary school comprising grades 7 and 8... 7 to 9 inclusive.....	750 or more	75
Junior high school comprising grades 7 to 10 inclusive.....	750 or more	75
Junior high school comprising grades 7 to 12 inclusive.....	750 or more	75
High school comprising grades 7 to 12 inclusive.....	750 or more	80
High school comprising grades 9 to 12 inclusive.....	750 or more	85
High school comprising grades 10 to 12 inclusive.....	750 or more	85

Should the State Allocation Board revise its standards on school space, then the revised standards should replace those currently used to define impaction.

- c. The cash value of the agreed upon temporary alternative shall be based on a uniform cost per single family, mobile home, or multiple family dwelling unit. The uniform cost should be established by the Interdistrict Planning Council, subject to City Council approval, for all school districts in the City and should be updated on an annual basis. The basis for the uniform charge shall be that amount required to lease a portable building for two years, prepare the site, connect and disconnect utilities, and restore the site upon removal of the portable building.
 - d. Proposals for residential zoning, rezoning, or prezoning located in school districts experiencing district or individual school impaction should be processed and considered according to normal development review procedures unless the City receives notification from a school district stating that it has been unable to secure a binding agreement between itself and the developer. When such notification is received, the Planning Commission and City Council should delay consideration pending notification by the school district of agreement between itself and the developer or, consider the application, which would require five of seven votes for approval.
 - e. Where residential development can proceed without a zoning action by the City, the City should not issue building permits for new housing development in school districts experiencing district or individual school impaction unless binding agreements between the school district and the developer for the provision of a temporary alternative to permanent school space have been made.
 - f. Agreements regarding the timing of any payments for the provision of temporary space should be made before building permits are issued. In no case should any payment be made prior to the issuance of building permits.
 - g. Any agreement between school districts and developers for the provision of a temporary alternative to permanent school space should be void if, at the time building permits are issued, the impacted school has sufficient capacity to accommodate the anticipated enrollment from the residential development.
3. Accept and approve the uniform per dwelling unit charge submitted by the Interdistrict Planning Council for use when a new Measure "B" Ordinance becomes active. See Attachment #1, Letter from Interdistrict Planning Council to the City Council, October 27, 1975.

4. Direct the City Administration to establish procedures for acceptance of semi-annual statements of impact as a means of activating Measure "B" provisions within a school district. Data contained in the semi-annual statements should include the following items projected at least six months beyond each semi-annual report date:

- Total enrollment by school, grade grouping, and district.
- Total capacity by the same categories.
- Temporary classroom capacity by the same categories.
- Double session or year-round school enrollment by the same categories.
- Mitigating measures instituted, rejected, or under study including shifts in attendance boundaries, busing, and changes in grade levels at certain sites.

The City Administration in turn should continue to provide school districts with data on new development in their respective jurisdictions.

5. Direct the City Administration to invite school districts to work with the City when and where Urban Service Programs are developed to insure coordinated planning and programming of capital facilities in order to encourage the most efficient use of existing and future public facilities.
6. Direct the City Administration and the City Council's Legislative Committee to work with school districts and any other interested groups to:
 - a. petition the State Allocations Board to:
 - . authorize state aid for limited school construction based on approved conservative forecasts of students to be generated from housing not yet under construction and
 - . change the formula for allocation of square footage for state aided districts to better take into consideration special facilities deemed necessary by local school boards.
 - b. request the State Legislature to change the wording of the next ballot proposition authorizing state school bonds to allow use of the funds for leasing and moving portable classrooms.

Reasons for Policies:

Findings contained in reports that have been completed in the Measure "B" Study indicate that school impaction in San Jose is not widespread, nor is it likely to be a problem for the long-term.¹ However, it is also clear that continued protection will be needed for those school districts confronted with possible double sessions and overburdened special facilities caused by further residential growth.

The existing Measure "B" Ordinance contains provisions to insure that new residential development does not compound existing school impaction or contribute to future school overcrowding. It includes two significant sections:

Section 1, providing protection against district-wide school impaction; and

Section 2, providing protection against the impaction of individual schools.

Section 1 states that the City may not zone, prezone, or rezone for residential use if a school district certifies that the anticipated enrollment from the proposed development will result in or add to existing district-wide school impaction. School impaction is determined by using square footage standards employed by the State Allocation Board and estimates of enrollment valid for use under Section 19420 of the California Education Code, as amended. This section has the affect of prohibiting City Council approval of zoning, rezoning, or prezoning applications in impacted school districts unless the party seeking approval of residential use has entered into a binding agreement with the school district to provide a satisfactory temporary alternative to permanent school construction. This section of the existing ordinance will expire on December 15, 1975.

Section 4 of the existing ordinance provides school districts with protection against the impaction of individual schools. It differs from Section 1 in that it does not place an absolute prohibition on City Council approval of applications for zoning, rezoning or prezoning. This Section permits the City Council to approve zoning applications, rezoning, or prezoning over a school district's protest with five out of seven votes. Section 4 has no time limit and will stand until repealed by the voters.

In order to assure that school districts have continued protection from school impaction, the existing Measure "B" Ordinance should

1. Residential Growth and School Capacity, Working Document #23, Measure "B" Study and Evaluation of the Effects of Measure "B", Working Paper #1, Measure "B" Study.

not be allowed to expire. Instead, a new ordinance should be drafted which would build from the existing ordinance and incorporate the following significant changes:

Continue to provide school districts with protection from district-wide as well as individual school impaction, but build in provisions for a City Council override of any school district protest; and

Expand the provisions of the ordinance so that all applications for residential development are included.

The existing ordinance does not allow appeal from district requirements made in accord with Section 1, but provides for the possibility of the City Council overriding school district requirements imposed under Section 4. Applying the same 5/7 override provision to the section governing district-wide impaction offers reasonable protection against abuse and would negate the charge that school districts have been given a zoning veto.

Currently, the Measure "B" ordinance only applies to lands requiring a rezoning, zoning, or rezoning action for residential development. Extension of the provisions of the ordinance to include lands which already have the required zoning but which, if developed, would cause school impaction, would further the intent of the Initiative and help alleviate what could be a serious problem for school districts such as San Jose Unified. This district has the difficult problem of providing permanent school facilities in those areas faced with long-term growth and resolving overcrowding problems in currently impacted schools. Already zoned lands could cause serious impaction problems if developed in predominately built-up areas serviced by schools built prior to the establishment of state-wide school standards.

Several refinements are suggested to improve the equity and the administration of a new Measure "B" ordinance. Uniform per dwelling unit charges should be established for any cash payment made to provide school districts with a temporary alternative to permanent school space. The uniform charge should be developed by the Interdistrict Planning Council for all school districts in the City and should be adopted by the City Council as that per unit amount which would be used in the calculation of charges to provide a temporary alternative to permanent school space. The uniform per dwelling unit charge should be sufficient to cover the cost of leasing a portable building for two years, preparing the site, connecting and disconnecting utilities, and restoring the site upon removal. Establishment of a uniform charge would eliminate the debate over the amount of money to be paid by any development and should greatly reduce the time required for school districts and developers to negotiate agreements for a temporary alternative to permanent school space.

One recognized problem regarding the application of Measure "B" requirements by school districts is that the required payments are sometimes collected far in advance of the occupancy of new homes. It is recommended that in no case should any payments be made before building permits are issued. This insures that school districts have adequate lead time to secure whatever temporary housing and/or transportation is needed to accommodate increased enrollment and that developers are not unnecessarily burdened with long-term financial obligations prior to the actual development of their project. The prohibition against collecting payments prior to the issuance of a building permit eliminates the possibility of the district receiving payment from a developer for anticipated school impactation and then gaining sufficient capacity to accommodate the anticipated enrollment through other means. An additional safeguard is recommended which would void any agreement between school districts and developers if, at the time building permits are issued, the individual school serving the proposed development has gained sufficient capacity to accommodate the anticipated enrollment from the project.

It is clear that the standard presently used to define impactation for both Sections 1 and 4 of the Measure "B" Ordinance are inadequate.² Estimates of capacity calculated by the existing standards substantially overestimates the actual capacity of some schools constructed years ago when State district space allocations were defined differently. The existing space standards only account for gross space per pupil and do not reflect the limited capacity of specialized facilities found in many intermediate and secondary schools.

School districts differ in the way they respond to growth, in the kinds of programs they offer, and in their type and level of service. Each district has its own mechanism for public involvement and decision-making which determine how school space is utilized, how resources are allocated, and what the student load per classroom should be. These independent district decisions determine the actual capacity of district schools, which in many cases are very different from the capacity standards specified in the existing Measure "B" ordinance. It is therefore recommended that the City Council ask all school districts in San Jose to develop standards for impactation which would be uniform in application and acceptable to all school districts. The Council should then evaluate the proposed standards as a replacement for the existing standards defining impactation.

Implementation Proposals:

Adoption of a revised Measure "B" Ordinance will require the development of new administrative procedures to clarify the status of impactation in all school districts in San Jose and to

2. Residential Growth & School Capacity, Working Document #23 Measure "B" Study, pp. 12-14.

govern the manner in which impacted school districts notify the City of their inability to successfully negotiate an agreement with developers for the provision of temporary school space.

Because the City cannot directly require from school districts the information described in Recommendation #4, the revised Ordinance should be designed to be applicable only to those school districts submitting the requested information. The information requested would be used by the City for cross-checking purposes to help insure uniform school district procedures in the implementation of the ordinance. Certification of any changes in the status of school district impaction should be based on the semi-annual statements of impaction. The data will also fulfill the important function of documenting any impaction problem for the City, developers, and the public.

Under the current Measure "B" Ordinance, the City is prohibited from acting on an application for a rezoning, zoning, or rezoning for any property located in an impacted school district unless it receives a letter from the district indicating that the development will either not result in impaction or that an agreement for temporary space has been reached. The recommended changes to the existing Measure "B" Ordinance will remove the prohibition from Council action and will, in effect, shift the burden for implementing the ordinance to school districts. City Council procedure under the proposed refinements to the existing ordinance will change so that school impaction will only be an issue before the City Council if it receives notification from a school district indicating that they are impacted and that they have been unable to successfully negotiate an agreement with the firm proposing the development. In this case, the Council has an option of: 1) delaying consideration of the application pending notification by the school district of an agreement between itself and the developer; or 2) considering the application, which would require a 5/7 vote for approval.

It is proposed that the provisions of Measure "B" be extended to lands which have all necessary Council approval but which, if developed, would cause school impaction. To implement this provision of a new ordinance, the Building Department should only issue building permits to applicants having a letter from the local school district in which the development is located, indicating that the proposed development would not result in impaction or that agreement has been reached. Mechanisms should be established to prevent arbitrary actions by any school district. Any applicant who feels that the school district has been arbitrary in its requirements, should be permitted to file a formal protest. Authority should be given to the Planning Director to act as an arbitrator in all cases, with ultimate appeal possible to the City Council.

2. DETERMINATION OF NET BENEFIT

Measure "B" Directive: Study "how the City can ensure that any development that does take place shall constitute a net benefit to the City."

Study Objective: To assure that economic, fiscal, social, and environmental aspects of residential development proposals are considered and that approved projects constitute a net benefit to the City.

Recommended Policies: The City Council Should:

1. Direct the City Attorney to prepare appropriate measures for City Council approval such that new zoning for residential development should be approved only upon a finding that it will constitute a net benefit to the City. The net benefit finding should be made by the City Council and be required in all zoning, rezoning, and prezoning applications larger than a specified minimum size.

The net benefit determination for a residential project should consist of economic, fiscal, social, and environmental findings that, taken together, demonstrate that the benefits of the project to the community will outweigh the disbenefits. The economic, fiscal, environmental and social findings should include the following:

Economic Net Benefit - should not be attempted for individual residential development projects but instead should be presumed if the project is consistent with the City's economic development objectives as reflected in the land-use and density parameters identified in the General Plan. Any project proposal requiring a zoning, rezoning, or prezoning that is inconsistent with the General Plan should be considered in conjunction with the annual review of the Plan or be approved only with a statement of overriding considerations.

Fiscal Net Benefit - should require a determination that financing and a program exist to construct, operate, and maintain essential and necessary facilities and services to residents of new development. (See Section 4 for definitions of essential and necessary facilities and services). Where there is an adopted Urban Service Program, the project must either conform to the program or include satisfactory alternatives for funding essential and necessary facilities and services before project occupancy. Where there is no adopted Urban Service Program, the fiscal net benefit determination should be made on the basis of current projections of facility availability and service

delivery capability, including satisfactory alternatives. Conformance to Urban Service Programs or the provision of satisfactory alternatives will result in a finding of Fiscal net benefit and will allow a project to proceed through the remaining portions of the review process. In no case should a project be approved where funding for essential and necessary facilities and services is absent.

Environmental Net Benefit - should require a finding that the project either will have no significant (negative) impact on the environment, or in the case of significant impact, that the project will include mitigation measures and/or statements of overriding considerations (which may include elements of fiscal or social net benefit) that mitigate or balance adverse environmental impacts.

Social Net Benefit - should require that any site specific facilities or services relating to the social needs of the anticipated residents of a proposed project can be provided. Upon completion of the City's General Plan and the County-wide Human Services Needs Assessment Study, the findings of social net benefit should include a determination that the project helps satisfy identified needs and/or contributes to the achievement of City policies adopted through the General Plan and/or Needs Assessment Project (recognizing that many policies cannot be carried out by a single development). The City's interest in improved community identity, neighborhood mix and in more effective interpersonal community relations will be expressed in the adopted policies.

Reasons for Policies

The primary reason for requiring a finding of net benefit prior to the approval of any application for zoning, rezoning, or pre-zoning is to assure that all aspects of public benefit - economic, fiscal, environmental and social - are given adequate consideration in the approval process. Fiscal and environmental impacts are currently analyzed for many residential projects. However, the analysis is sometimes piecemeal and often lacks the information necessary to adequately measure the cumulative impact of development. The components of net benefit analysis will provide better information to decision-makers so that they can more effectively assess the cumulative impact of residential development. Net benefit analysis will also provide a framework for viewing the trade-offs among the economic, fiscal, environmental, and social impacts of new residential development.

A finding of net benefit means that the community-wide benefits of any project outweigh the community-wide disbenefits. This conclusion cannot be reached by viewing a single project independently of all other development proposals. Rather, it can only be determined within the context of the City's General Plan and shorter-range development policies.

Net benefit analysis assumes that adoption of a General Plan is a determination of future net benefit at the City-wide scale. The Plan's posture toward growth and its land-use allocation establishes goals for the number and type of jobs to ultimately locate in San Jose. The rate and location of growth, the needed Capital Improvements, and the implicit levels of service indicated by the Plan are geared, in the long-term, to some measure of the City's ability to pay for facilities and services. The Plan's posture toward growth is also established in relationship to its anticipated effect on the environment and in terms of serving the needs of the City's existing and future residents.

While the General Plan establishes "net benefit" at the City-wide scale, it does so within a long time frame. More detailed analysis is needed in order to arrive at a net benefit finding for specific development proposals. Only at a smaller scale can the specific issues stemming from project design or service and facility availability be resolved. The critical question is whether a project will contribute toward realizing the "future" envisioned by the General Plan and its fiscal capabilities or will cause significant variations. If the City has a program for providing facilities and services to a developing area, the primary concern in assessing project impact is the degree to which the project meshes with overall plans or, alternatively, the degree to which plans can be adjusted to accommodate project proposals or development schedules. Similarly, environmental and social impacts of the project cannot be considered without a broader plan or expectation of the cumulative impacts of all development proposals likely to be approved. Other Sections of this report discuss the need for and the components of detailed shorter-range development policies. Specifically, Urban

Service Programs and Master Environmental Impact Reports are proposed for planning areas which, when completed, will provide the frame of reference for evaluating the components of net benefit for proposed residential projects. The shorter-range development policies are discussed below as they relate to the required findings for each of the four determinants of net benefit.

1. Economic Net Benefit. Analysis of individual residential development proposals should not include a detailed analysis of economic impact for several reasons. One reason is the difficulty of tracing first and second order economic impacts of a residential development project to the project itself. More importantly, however, is the fact that the economic impact of a residential development proposal can only be viewed within the context of city-wide employment and land-use.

It is recommended that economic net benefit for all residential projects be presumed if the project is consistent with the General Plan which reflects the objective of securing a strong tax base by establishing land-use and density parameters for development in the City. Given projections of regional economic activity likely to locate in San Jose, the Plan allocates undeveloped land to residential, commercial, and industrial land-use categories so that the combined development of all land in San Jose will, in the long term, result in a sound economic base for the City. Therefore, any residential development proposal that is consistent with the land-use and density parameters established in the General Plan should be consistent with the overall objective of securing a strong tax base, because the potential contribution of a project to the City's economic base would be the same as that expected by the land-use designation. This view is consistent with that expressed in the Economic Practices Manual, prepared for the State of California, Office of Planning and Research. The Manual states that the data needed to discuss economic impact "can only arise from land-use and public service projections broader than that for a single site."¹

Projects found to be inconsistent with the General Plan should be collected and evaluated at the time of the annual review of the General Plan so that first and second order effects can be better assessed. If project approval is granted to any project inconsistent with the Plan, a statement of overriding considerations should be included.

One part of the Measure "B" initiative asked the City to explore how San Jose's economy could become less dependent on residential growth. Historically, San Jose's economy

1. Economic Practices Manual, State Office of Planning and Research, page 5-1, December, 1975.

has been directly dependent on rapid growth. Employment directly or indirectly connected to the residential construction industry was a significant portion of the employment base in San Jose. This heavy dependence on growth in general and residential construction in particular contributed to either great prosperity or substantial unemployment, varying principally in response to federal monetary policy. As the reservoir of the City's developable land is used up, the City must increasingly look to other sectors of the economy for the future employment of its residents. A viable economic policy must, therefore, integrate short-term concern for unemployment in the construction industry with a longer-term view of minimizing the City's dependence on residential construction and the resulting cyclical fluctuations in employment. This transition is now in progress as San Jose is active in a redirected economic development program. Economic development activities are now focusing on attracting commercial and industrial development in an attempt to increase employment opportunities and the City's assessed valuation. This redirected economic development program is easing San Jose's economic dependence on residential construction. An added factor helping this transition is the shift in emphasis from new residential construction to housing maintenance and replacement as San Jose becomes a mature City. The maintenance and replacement activity is more stable than the new home construction industry.

2. Fiscal Net Benefit. Findings of fiscal net benefit can only be made if necessary facilities and services² exist to serve the residents of proposed development or are funded and programmed prior to development approval. Findings of fiscal net benefit should be presumed if the development proposal is consistent with any requirements imposed by an adopted Urban Service Program.³ Urban Service Programs are short-range detailed capital and service improvement plans developed as implementing devices for the Urban Development Policy and the General Plan. They show the most efficient provisions of necessary facilities and services given available sources of funding. These short-range development plans may indicate the need for the payment of fees or other special charges to insure that necessary facilities and services are funded and programmed prior to development. They may also schedule the timing or location of residential development to occur with the orderly provision of facilities and services. Taking a broad view of planning and programming of public facilities and services commensurate with a projected area-wide development pattern and financial capability, the fiscal impact of a project would be the extent to which the project

2. See Section 4 for a discussion of necessary facilities and services.

3. See Section 3 for a discussion of Urban Service Programs.

would cause results or conditions that vary from the projections of total community fiscal balance. The difficulties of quantifying either costs or revenue associated with an individual project without considering the context of all development in community leads to the conclusion that cost/revenue analysis of individual projects is inappropriate. If it were used, it would favor high price housing with few children which is a direct conflict with San Jose's housing objectives which define programs for meeting the broad range of housing needs.

Should any proposed project be out of sequence with an adopted Urban Services Program, alternative funding for all necessary facilities and services required by the future residents of that project should be provided by the developer prior to project approval.

Where findings of fiscal net benefit are required and no adopted Urban Service Program exists, the net benefit determination should be made on the basis of existing and programmed facility and service capacity. In no case should any project be allowed to proceed where the funding for necessary facilities and services is absent.

3. Environmental Net Benefit. Analysis of site specific environmental impacts and requirements for mitigating measures presently exists in the residential development review process. Findings of environmental net benefit build from the existing procedure and require:

- . that a project has no significant impact on the environment or
- . that any significant adverse environmental impact be mitigated or
- . that a statement of overriding considerations balancing adverse environmental impacts be included in the record of project approval.

The recommended improvements to the present environmental review process will enhance the City's ability to evaluate impacts of individual projects. Added specificity gained through adoption of environmental goals, objectives, policies, standards, and measurement criteria should reduce the time required to prepare and evaluate environmental Impact Reports. Preparation of Master Environmental Impact Reports will facilitate the review of cumulative environmental impact. However, more detailed standards will not preclude the need for hard decisions relating to the extent of acceptable, unmitigated environmental impact.

4. Social Net Benefit. Analysis of the social impact of residential development is difficult because no clear policies or measurement criteria presently exist. In the future, the City's General Plan will contain social goals and policies. Also, after completion of the Measure "B" Study, City staff will develop tools and techniques for social impact analysis. Thus, in the future, it will be possible to define social net benefit more precisely by using the methodology for measuring social impact and by comparing this impact to the City's adopted social goals and policies.

Until improved policies and methodology are developed, it is recommended that social net benefit be based on the following items. Significant social needs of the projected residents should be identified. Facilities and services that would help satisfy the identified needs should be examined to ascertain the extent to which the social needs would be met. Also a statement should be made about the extent to which the project helps satisfy the City's housing needs and objectives as identified in the City's Housing Element of the General Plan and the Housing Assistance Plan. A statement of overriding considerations should be included in the record of project approval if identified social needs of the projected residents will not be met and/or if the development would not help achieve the City's stated housing objectives.

The net benefit concept can be viewed conceptually in two ways: 1) as a measurement to determine that each project meets certain standards in each area of concern; or 2) that a benefit in one category might offset a disbenefit in another. Elements of both views are incorporated in the recommended net benefit process.

There are so many elements of judgment and potentials for extenuating circumstances in the net benefit determination that it is presumptuous to assume that all of the elements can be reduced to an absolute formula. Thus, it is appropriate to consider net benefit as a balancing of the scale with all elements considered together as long as it is recognized that one type of trade cannot be accepted. The provision requiring financing and a program for necessary facilities and services is the only element of net benefit that may not be subject to trades or offset by overriding considerations.

Net benefit finding should only be required at the zoning, rezoning or pre~~zoning~~ zoning stage. This stage in the development approval process is the most critical because it sets the parameters for the specific development proposal. One potential dilemma in requiring the net benefit determination only at the zoning stage is that the detailed project data needed to make findings of net benefit may not be available. An option for resolving this dilemma is to allow the City Council to require the net benefit finding at either the zoning or subdivision map stage

In any case, the City Council will always be the body responsible for determination of net benefit. Authority for project approval (or denial) includes an implicit obligation to weigh the project against all development expectations of the City and other public agencies that are affected by City actions on development proposals.

The following Sections of this report describe the specific policies and proposals for determining fiscal net benefit (Urban Service Programs) and environmental net benefit (improved environmental review and impact analysis procedures). Developmental work by the City on social impact analysis and on social goals and policies for the General Plan will provide decision-makers with specific tools and techniques for measurement of social net benefit.

Implementation Proposals

This Section describes procedural implementation measures necessary to add the project net benefit determination requirement to the development review process and define its applicability. Specific policies and implementation proposals concerning the fiscal and environmental net benefit determination will be found in Sections 3 and 5 of this report.

The criteria on which a development proposal may be judged for approval or denial have been broadened in recent years. In addition to required conformance to precise standards (such as lot size, density, pavement, and structural requirements) many project proposals now are accepted or rejected on the basis of conformance to the General Plan and broadly defined environmental criteria. While the State Subdivision Map Act does not specifically allow for the denial of a zoning application because it would result in net disbenefit to the City, sufficient latitude for such denial should exist in the flexibility for project approval or denial given to Charter Cities. A new ordinance or amendment of the existing zoning ordinance is necessary to establish net benefit determination as a basis for the approval or denial of a zoning application and to establish administrative mechanisms governing its application.

The net benefit finding should only be required at the zoning, rezoning, or rezoning stage of the development review process. It is not felt, however, that all rezonings need necessarily be subject to the net benefit requirement. Application for the rezoning of one small parcel which is not likely to lead to significant adverse environmental impact or strain the City's ability to provide facilities and services should not be subject to the net benefit requirement. The Administration should develop specific criteria consisting of some combination of acreage size and number of housing units to govern the application of net benefit.

Not all public actions that are part of the development approval process involve specific proposals. Annexations may involve land for which no project plans are prepared, and zoning may establish

FIGURE 1
PROPOSED RESIDENTIAL PROJECT NET BENEFIT SUMMARY MATRIX

Project Review Criteria	Project Features	Citywide Policies			Ordinance Requirement			Area Planning Criteria												Mitigation		Other Considerations																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																						
		General Plan	Housing Assistance Plan	Urban Development Policies	Zoning Regulations	Subdivision Regulations	Other	Environmental Policies	Environmental Standards	Anticipated Environmental Effects	Development Schedule	Existing/Programmed Facilities & Services						Facilities Financing Plan	Development Sequence	Market Minimum Housing	Design Criteria	Financial Mitigation	Other Mitigating Actions	Specific Problems	Interests Benefitted or Disbenefitted	Staff Comments																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																		
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LEGEND:

Conformance to standards
or ordinance requirements

- Full conformance
- ◐ Substantial conformance
- Significant non conformance

Conformance to policies,
plans and guidelines

- High conformance
- ◐ Moderate conformance
- Low conformance

Numbers refer to attached detailed comments
NA indicates not applicable
NR indicates not rated

(Illustrative -- not to scale)

rules for permitted development before project proposals are submitted. In instances where lack of project level detail makes precise judgment impossible, a generalized net benefit assessment should be based on a continuum of best to worst possible conditions of development likely under prevailing General Plan Policies and Zoning Ordinance requirements. The net benefit finding should become a key part of the public record of action on the project.

The net benefit matrix shown on page 2-10 should be refined and used to provide a summary comparison of the development proposal's features against economic, fiscal, social and environmental review criteria. The matrix allows a visual comprehension of the diversity of impacts related to the project, but supporting documentation will be necessary to present detailed statements of overriding concerns, proposed mitigating measure, or other project review information relating to the net benefit determination.

Addition of the required net benefit finding should not increase the staff workload, except to the extent that the comparison of the project with the Urban Service Program represents an expansion of current staff review. Environmental review is the most time-consuming element of net benefit, and review time could decrease if the MEIR concept is implemented in areas of high development potential, high environmental sensitivity, or areas with presently unresolved service deficiencies. Some of the tasks grouped under social or fiscal net benefit already are included in staff reports on complex projects, and additional effort required to determine net benefit should be slight, once a smoothly working procedure is developed.

Net Benefit Matrix

A simple format for presentation of information is needed for use by those who must make or work with a finding of net benefit. A Net Benefit Matrix similar to the form on page 2-10 has the advantage of allowing the user to keep all of the impacts in mind while making appropriate trades among strengths and weaknesses. Major environmental impacts will require a separate explanatory text summarizing the findings of any studies supplemental to the MEIR. By keeping each impact separate in the matrix and ranking each on an ordinal scale that does not attempt to assign numerical values as a basis for comparing social, fiscal, and environmental impacts, the evaluator's judgment is unobscured and the decision maker must determine whether a high rating on one factor offsets a low rating elsewhere.

The suggested matrix is not a final product, and its format should be modified and improved as experience in applying it to specific projects will indicate.

The primary physical and environmental features of the project, listed as line items along the left side of the matrix, are to be compared with City-wide policies or ordinance requirements, environmental standards, the variety of area planning criteria that evolve from preparation of plans, and proposed mitigation measures

or other considerations, all of which are listed as column headings across the top of the matrix. General measures of conformity to precise requirements would be described as full conformance, pre-dominate conformance, or substantial nonconformance. Where project features are compared with goals, policies, or plan features that are not precisely measurable, the degree of conformance would be described as high, moderate, or low. The ratings would have to represent the overall conclusions of the staff reviewers, and an accompanying list of explanatory notes would be necessary, particularly for large or complex projects. In a sense, the summary matrix is an "index" to the highly detailed package of supporting materials required in the development review process.

Obviously not all project features will be compared with all of the criteria, so "not applicable" indications will be shown.

In some cases either complexity of the project or lack of supporting data may make a generalized rating impractical, and the summary matrix would indicate "not rated". The design of the matrix envisions substantial use of footnote indications (reference numbers) as required to supplement a rating, or to substitute for one. Project features to be rated would include the following:

Physical design: The physical proposals of the project, including land use pattern, placement of structures, circulation and parking, and similar design features. This broadly inclusive grouping might warrant division into sub-features, particularly for a large or complex project.

Land use relationships: The relationships between the project and adjoining or nearby development.

Housing type and density: The kinds of units to be built, the density, and the expected characteristics of the occupants. (Occupant characteristics could be a separate listing, but generally they are closely related to housing type.)

Housing cost: The expected sale value or rental cost of the housing mix.

Development schedule: The timing or phasing of the project, including the number and type of units to be added each year.

Traffic generation: The volumes and characteristics of traffic expected to be generated by the project during peak and off peak hours, and expected transit requirements and transit use.

Fiscal arrangements: The required fees, assessments, developer contributions, or other financial arrangements affecting public agencies, facilities, or services.

Cultural/aesthetic: The historical, archaeological, or natural features, including views.

Geological: The slope, soil hazard, landslide susceptibility, seismic hazard, or like features of the project.

Hydrological: The features affecting surface water and groundwater quantity and quality, drainage or flood control and runoff.

Ecological: The features relating to the plant or wild life, food production, or maintenance and enhancement of rare or endangered ecological communities.

Air quality: The aspects of the project that could effect air quality in the area, as well as the reverse, including air polluting emissions likely to be directly or indirectly generated by the project.

Noise: Noise expected to be directly or indirectly generated by the project or expected to affect the project from external sources.

Suggested review criteria listed on the summary matrix represent the full package of policies, ordinances, environmental standards, short range plans and expectations, and potential means of mitigating impacts. Project features would be compared with these criteria to determine conformance or applicability.

City-wide policies and plans: The General Plan, Housing Assistance Plan, and Urban Development Policy are the primary policy criteria.

Ordinance requirements: Zoning, subdivision, and other development regulations (site dedication or off-site street improvements, for example).

Area planning criteria: Where Urban Service Programs and MEIRs have been completed, the City would have a range of environmental, fiscal (public facilities and services), and other criteria detailed over a five year period to enable evaluation of the project features. If the Urban Service Program has not been done the project still can be evaluated against most of these criteria by using available plans and programs, and environmental or housing goals, but probably without the five year program detail.

Although financial payments or other mitigating measures and the suggested listing of specific problems, benefitted or disbenefitted interests, and staff comments are not review criteria in the same sense as policies, ordinances, environmental standards, and planning criteria, their inclusion on the summary matrix will enable the reviewer to relate mitigating measures or other impacts of the project to the various project features.

3. URBAN SERVICE PROGRAMS

Measure "B" Directive: Measure "B" requires a study of "how all further residential developments can be allowed to take place only with assurance that all necessary community facilities will be provided concurrently with such development" in addition to its limitations on development approval where school facilities are inadequate. While the primary impetus for the measure was overcrowded schools, the concern for the full range of community facilities and services meeting minimum standards is clear.

Objective: To assure that financing is available to provide minimum necessary and essential facilities and services for new residential development.

Recommended Policies: The City Council should:

1. Direct the City Administration, following completion of General Plan '75, to develop Urban Service Programs as part of the work to implement the General Plan. Urban Service Programs should be developed initially for areas with high growth potential. The objective of Urban Service Programs is to assure provision of minimum essential and necessary services and facilities to residents of existing and newly developing areas of the City. Any sections of the Urban Service Program establishing development sequencing plans for residential areas should be amended into the General Plan. Urban Service Programs should contain the following interrelated and coordinated features:
 - a. An evaluation of the adequacy of existing public facilities and services.
 - b. A statement of the interrelationships between development in the area covered by the urban service program and development or provision of facilities and services in adjoining areas. (For example, the capacity of streets in an adjoining area to carry traffic generated by the area under study.)
 - c. A five-year program for providing capital and service improvements necessary to meet minimum necessary facility standards for existing and projected residents.
 - d. A plan for financing the minimum necessary capital and service improvements. In the event that essential and necessary facilities/services cannot be financed from citywide revenue or from other sources, each new residential development should be required to pay its share of the total unfinanced cost of all required services/facilities. (See Section 6). Those facilities/services defined as essential should be provided before other necessary facilities/services are provided.

- e. A schedule of projected annual residential development activity for a five-year period. Where ability to provide minimum necessary facilities and services is a constraint, residential development should be phased with the provision of essential community facilities and services.
 - f. A development sequencing plan, if appropriate, relating development of specific areas to provision of facilities and services. If a development proposal is submitted for review that is out of phase with an existing development sequencing plan, it should be deferred if it does not provide the funding for essential and necessary facilities/services required to bring the project into conformity with the sequencing plan. In the event that such facilities and services are funded by a developer, then that developer should be reimbursed for those costs that exceed what would otherwise be required of any development conforming to an Urban Service Program. The reimbursement should be made by other developers who would benefit from the improvements.
- 2. Direct the City Administration to prepare Master Environmental Impact Reports on anticipated development in each planning area (both the ultimate development and the short-range outlook of the Urban Service Program) to assess broad environmental impacts and to set measurement criteria for project review. (Refer to Section 5, Recommendation #4).
 - 3. Direct the City Administration to invite school districts and other agencies providing facilities or services defined in Section 4 as essential or necessary to participate in the preparation and updating of Urban Service Programs.
 - 4. Direct the City Administration to review the Urban Service Program in coordination with the annual review of the General Plan and Urban Development Policy and to report findings annually to the City Council. Any adjustments made in the development sequencing plan should be adopted by the City Council as amendments to the General Plan.

Dissatisfaction with residential neighborhoods that lack basic public facilities and services was a major impetus for Measure "B". Concern over optimum city size, provision of services concurrently with new development, public costs and benefits of new development, and the adequacy of residential development review procedures all relate to this central issue.

The development of Urban Service Programs provides a vehicle for the City to assemble, in one document, all public short-range improvement plans for planning areas of the City. These improvement plans will be related to anticipated residential development activity and the ability to finance necessary facilities and services. The City's revised General Plan will contain a long-term fiscal analysis of the rates or patterns of development (type and location) that will enable the City to finance urban services at acceptable standards without unacceptable economic impacts. However, the framework established in the General Plan is geared to a long time frame and do not provide the necessary detail for satisfying the demands for urban services generated by day to day development activity.

Urban Service Programs will establish a schedule for providing urban services commensurate with ongoing residential development and the needs of an area's residents, indicating where development should occur and at what rate to attain the maximum benefit from tax dollars. Urban Service Programs compliment the City's Urban Development Policy, which defines that area within which urban growth will occur in the next 5 years, by establishing more specific guidelines for managing urban development.

The development of Urban Service Programs will require that adequacy of existing and programmed facilities and services be analyzed in conjunction with anticipated rates of new residential development. The list of necessary facilities and services (see Section 4) coupled with a determination of minimum acceptable levels of service should be the basis for this determination of adequacy.

Evaluation of service and facility availability for areas of the City likely to experience significant growth will enable the City to allow development to proceed uninhibited by questions of service availability or, should deficiencies exist, to develop the necessary funding mechanisms and/or controls on the location or timing of development to insure that the development of specific areas is related to the provision or funding of facilities and services.

When minimum acceptable levels of service for all necessary urban services needed to accommodate further development are not financed or budgeted from existing or new city-wide or area revenue, an equitable method for raising the balance from the area of direct benefit should be developed. Each development should be required to pay its share of the total unfunded cost of the required urban services before being allowed to proceed. The City's five

five year Capital Improvement Program and annual Capital Budget should be adjusted during the normal City budget process to reflect the added revenue and needed capital expenditures for each area. Whenever possible, the programming of necessary facilities and services should conform to the timing established in Table 1 (Section 4.)

Urban Service Programs will provide the basis for findings of fiscal net benefit. Any project found to be in conformance with requirements established in the Urban Service Programs is presumed to result in a fiscal net benefit. While a single project may not fund the total cost of all needed urban services, it is presumed that the cumulative effect of each project contributing its fair share of the unfinanced cost of needed urban services will result in overall fiscal benefit upon completion of the full development of a given area.

In practice, the programming of facilities and services in areas experiencing development may not fit tightly together. For example, new growth that makes the best use of available transportation facilities may not be in the same location as growth served by school, flood control, or park capacity. At best, the Urban Service Program will represent a consensus that reflects the overall best course of action.

Urban Service Programs will be useful as a tool for managing urban development in developed, partially developed, and newly developing areas. In developed areas, Urban Service Programs can be used to identify any existing urban service deficiencies and can be the vehicle for establishing a program for upgrading levels of service. In partially developed or newly developing areas, they can serve the important function of identifying funding mechanisms for the provision of unfunded necessary facilities and services prior to actual development so that new residents can be assured of having basic levels of urban services within a reasonable time of occupancy.

Urban Service Programs should be the City's most current and explicit statement of development policy for any area of the City. For this reason, Urban Service Programs should be subject to public hearings and adopted by the City Council. Urban Service Programs should be evaluated and updated on an annual basis. Annual review assures that changes in housing markets, the rates of development, available public resources, or development policies will be evaluated and incorporated in Urban Service Programs. Any development sequencing plan created as part of an Urban Service Program should be amended into the City's General Plan.

Preparation of Urban Service Programs expands upon work already being done in San Jose. Studies of traffic problems in the Almaden Valley and flooding and traffic problems in the Evergreen Planning Area are clear indications of the need for a comprehensive approach to urban service programming. The major ingredients of the Urban Service Program - a capital improvement program, short range service planning, and projections of development potential - are all being

done in one form or another now. Revision of the City's outdated General Plan is now underway and will provide a sound basis for preparing Urban Service Programs that integrate the urban service expectations of residents, the financial capability of public agencies, and the regional growth pressures that will continue to be felt in San Jose.

Urban Service Programs will facilitate review of residential projects because much of the effort that goes into project analysis on a case by case basis will be eased. However, Urban Service Programs cannot be prepared immediately for all planning areas. Therefore, the City must continue to review some development proposals and judge them on the basis of piecemeal information. In these cases some additional staff work may be necessary to evaluate a project in the context of area development expectations. But, if Urban Service Programs are prepared for high growth areas first, any additional staff workload should be minimized. The essential data for project review will be available in any case, but issues such as service scheduling, facility capacity, development timing or scheduling, and financing of improvements may require additional analysis where Urban Service Programs are absent.

Implementation Proposals

The General Plan should set the priorities for Urban Service Program preparation, with areas of substantial new development potential designated for action first. Suggested criteria to be applied include the projected development potential in each planning area, the magnitude of potential facility or service deficiency, and the potential for school impaction resulting from rapid growth. Eventually, all of the City should be covered by Urban Service Programs, and the nature of the programs should, over time, reflect the gradual shift from coping with growth to a posture of urban conservation.

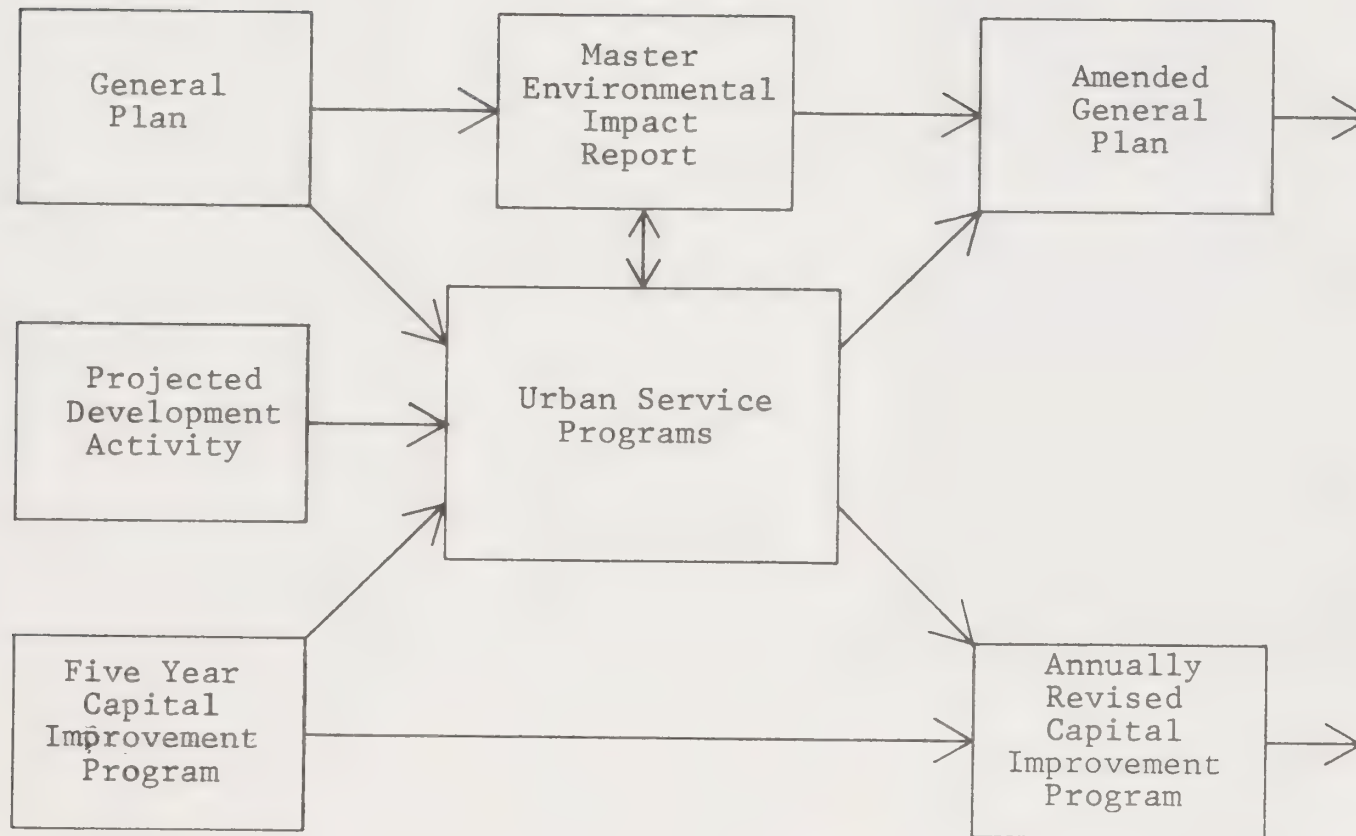
Preparation of Urban Service Programs will largely be a task of integrating General Plan proposals with current City Capital Improvement programming, ongoing special studies such as those stemming from development moratoria, and the data that is continually developed and maintained now as a necessary background for individual project review. Substantial work will be required to establish realistic and achievable levels of service for all necessary services and facilities. However, this does not represent a new activity as the City is currently developing levels of service data in conjunction with the development of the program budget. The preparation of Urban Service Programs will require staff time to coordinate the planning efforts of school districts, flood control, and other special districts, and to package the programs into a comprehensive form suitable for review and approval by the Planning Commission and City Council.

Because of the need to involve many operating departments as well as the City's management team, an interdepartmental approach is necessary to prepare Urban Service Programs. However, primary

responsibility should be assigned to the Planning Department. These programs and MEIRs should be the principal activity to be undertaken upon completion of the new General Plan. The first step toward completing Urban Service Programs should be preparation of detailed outlines of program contents and identification of data sources, current programs and policies, and likely contributions from each department. This step logically should be an interdepartmental team effort followed by an assignment of responsibility to staff members.

The Planning Commission should review drafts of the initial Urban Service Programs early in their preparation to help set their format and degree of specificity. Although the programs cannot be binding on future budgeting and financing decisions, they should be subject to public hearing and adoption by the Planning Commission and City Council because they will establish short range policy regarding service improvements. They must reflect Commission and Council thinking on which development issues are most useful in determining fiscal net benefit. Any portions of the Urban Service Program establishing development sequencing plans for residential areas should be amended into the General Plan.

Figure 2. Urban Service Program Relation to Other Policies & Programs for Guiding Development



4. NECESSARY SERVICES AND FACILITIES

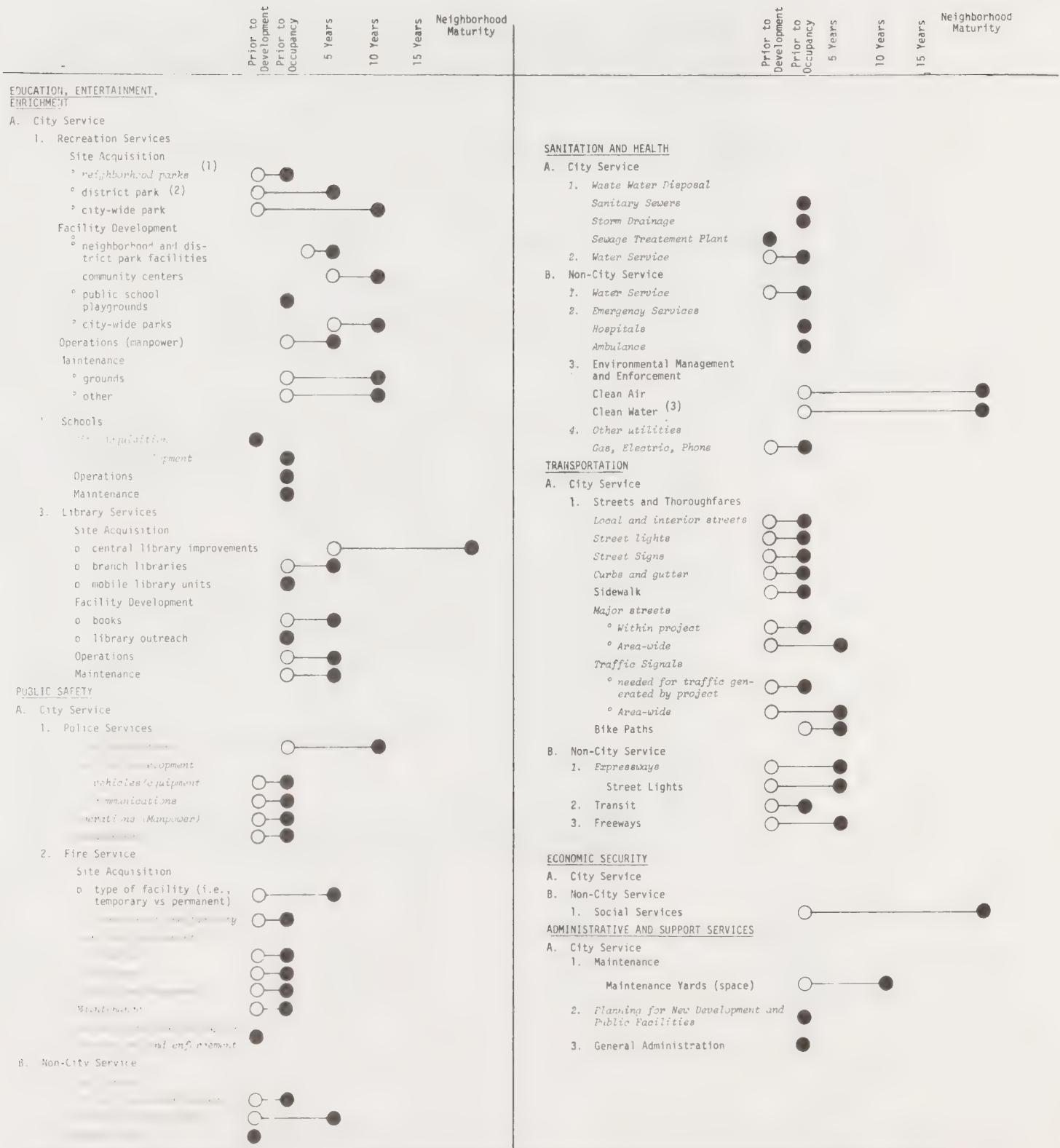
Measure "B" Directive: "To allow further residential development to take place only with the assurance that all necessary community services and facilities will be provided concurrently with such development."

Objective: To assure that essential and necessary community facilities and services are provided to existing and developing areas.

Recommended Policies: The City Council should:

1. Adopt the list of essential and necessary facilities and services shown in Table 1 as the basis for findings of fiscal net benefit (Section 2) and for the development of Urban Service Programs (Section 3).
2. Direct the City Administration to work with appropriate community groups and City agencies to develop detailed policy statements on service/facility standards for Council adoption. Adopted statements of policy should be used in the determination of net benefit and as the basis for the development of Urban Service Programs.
3. Direct the City Administration to use the timing for the provision of essential and necessary facilities/services shown in Table 1 as a model to program the provision of essential facilities and services, as is required in developing Urban Service Programs. (Refer to Section 3, Recommendation #1).
4. Adopt the following as a policy for inclusion in the General Plan:
 - All public facilities installed by the City or other governmental agencies should conform to the same standards imposed on private development.

TABLE 1
Guidelines for Providing Facilities and Services
in a Desirable Time Frame



Legend: ○ Minimum Acceptable Level of Service

● Desired Level of Service

(1) Essential facilities and services, designated by italics, are those facilities or services which should be provided first, before other necessary facilities and services.

(3) Covered by the sewage treatment plant.

Consideration should be given to classifying district parks as essential facilities when they serve as the neighborhood park for any area.

Time Sequence. The timing shown in Table 1 for the provision of facilities and services is intended to guide the programming of capital and service improvements. It represents a desired or optimal sequence for programming improvements. In some cases it will not be possible to provide facilities or services within the time frame indicated in the table.

- Prior to New Development. Those services and facilities to be provided prior to new development relate to the safety of new construction or involve the acquisition of land or buildings. These services and facilities should be available at minimum acceptable levels of service.
- Prior to Occupancy. Those services and facilities to be available prior to occupancy of new homes address health, safety and welfare concerns of the new occupants. These services or facilities should be provided at a desirable level of service.
- From Occupancy to Neighborhood Maturity. Several services and facilities will be provided at some time after occupancy of a new home. Provision of these services is not directly related to new construction or occupancy nor do they require the early acquisition of land to insure long-term service. Provision of many of these services requires a "threshold" population for their most efficient operation.

Levels of Service

- Minimum Acceptable. This level of service is defined as the existing standards of service currently being provided by City departments and other public agencies. New development should be allowed to proceed as long as it does not lower the level of any service below this minimum.
- Desired. This is the level of service wanted by the community to provide good neighborhoods. Generally, new residential development does not now produce sufficient revenue to upgrade existing levels of service to a desirable level. When "desired" levels of service are reached, new development should be allowed to proceed so long as it does not deteriorate that level of service.

Reasons for Policies

The development of Urban Service Programs is predicated on a clear delineation of which urban services should be provided to the urbanized and urbanizing areas of the City. New development can be related to the provision of necessary facilities and services only if necessary facilities and services are defined, acceptable levels of service for each facility or service are identified, and the timing for their provision is set.

The City's Urban Development Policy, Construction and Conveyance taxes, subdivision dedication requirements, and the Measure "B" Ordinance, all provide some direction in the determination of which facilities and services are necessary for new development. However, there is no adopted policy in San Jose that specifies which facilities and services are necessary for new residential development. The facilities and services listed in Table 1 are considered to be necessary for developed and developing areas of the City. The list includes those facilities now required by the City as well as emergency and other City and non-City services needed to support the required facilities.

Many of the facilities shown in Table 1 are currently being constructed by developers and dedicated to the City as a normal part of project development. Other facilities are funded through existing City Construction and Conveyance taxes. The remaining facilities and services are financed by general obligation bonds, general fund revenue, grant funds, special purposes taxes, (such as the gas tax fund), and other non-locally generated monies. These funding sources have governed the timing of the provision of facilities and services. Measure "B" is clear in indicating that the need for necessary facilities and services does occur concurrently with new development but the realities of public facility construction and financing suggests a staged approach to the provision of new facilities and services.

All facilities and services shown in Table 1 are necessary for residential areas; some facilities and services defined as necessary are further defined as essential. Essential facilities or services are the ones which should be provided first in any developing area. Other necessary facilities and services should also be provided, but they have a lower priority, given limited resource, than essential facilities and services. Urban Service Programs (Section 3) provide the City with specific techniques for insuring that all facilities or services shown in Table 1 will be provided upon complete development of any area. The essential facility or service designation simply provides direction in the development of annual Capital Budgets. Capital improvement planning and programming for physical facilities such as streets should be done so that complete facilities are installed initially. The existing practice of building segments of major streets is both costly and inefficient.

Table 1 further defines a desired or optimal time frame for the provision of facilities and services. The Task Force realizes the

inherent difficulties in scheduling the provision of urban services within the indicated time frame. It is becoming more difficult for local governments to finance needed capital facilities. Voters are reluctant to approve general obligation bonds. Other non-local sources of revenue for urban services are decreasing in magnitude and are increasingly needed for maintenance of the existing capital stock. As the trend of charging new development with the cost of the attendant urban services becomes more common, priorities for providing necessary services must be determined. This is so because the required "front-end" money for the provision of all necessary facilities and services concurrently with new development is becoming more of a problem.

The list of necessary facilities and services is directly applicable to already developed or partially developed areas of the City. Most areas of the City have some amount of urban development with differing types and amounts of deficiencies in urban services. The deficiencies may exist because a specific facility or service defined as necessary is absent or because necessary urban services are not currently being provided at acceptable levels of service. The important distinction between these partially developed areas and newly developing areas is that partially developed areas have been waiting for some time for adequate facilities and services. Thus, a balance must be reached between providing services to newly developing areas and alleviating existing service deficiencies in established areas.

The level of service distinction (minimum or desirable) indicated in Table 1 is important in assessing deficiencies in existing and programmed facilities and services and is critical in designing a fiscal strategy to generate sufficient revenue to fund needed facilities and services. The City has not clearly defined what minimum acceptable levels of service for City services are. This report does not attempt to define levels of service but does recommend that the City Administration develop, for Council adoption, detailed statements of policy which would define minimum acceptable and desirable levels of service. Such standards must be set within the context of present service levels. This insures that existing deficiencies will be identified and the new, agreed upon, levels of service can be achieved through a deliberate fiscal program. The agreed upon levels of service should be those used in Urban Service Programs to identify present or future service deficiencies and as the basis of any fiscal program developed to fund minimum acceptable levels of service.

Implementation Proposals

The City's General Plan is the appropriate place to specify facilities and services that will be needed to serve existing and future levels of population. Therefore, the list of facilities and services identified in Table 1 should be included in the General Plan. The addition of this list, and minimum service level, definition coupled with the land use and density parameters traditionally found in General Plans, will provide a basis for the development of Urban

Service Programs. They should complete the critical link connecting the General Plan to ongoing development activity by relating fiscal planning and programming to both the framework established in the General Plan and ongoing development activity.

Levels of service must be specified for all facilities and services designated as necessary for developed or developing areas of the City. Service level data must be tied directly to levels currently being provided by City Departments and other Non-City public agencies. To define minimum acceptable levels of service substantially above that which is currently being provided is not meaningful unless specific fiscal programs can be developed to upgrade levels of service for both developing and developed areas of the City. The City is currently in the process of identifying levels of service for all City Departments in connection with the development of a program budget. The City Council should establish minimum and desirable levels of service for all necessary facilities and services for use in the determination of net benefit and in the development of Urban Service Programs.

5. ENVIRONMENTAL REVIEW POLICIES

Measure "B" Directive: Study "whether further residential development should be allowed if it violates any environmental standards, particularly those pertaining to water and air pollution, or overtaxes the groundwater supply."

Objective: To assure that effective environmental standards are established and followed.

Recommended Policies: The City Council should:

1. Charge the Environmental Commission or a committee having technical expertise in environmental matters with setting environmental goals, policies, and standards and with prescribing evaluation criteria, units of measurement, and methods of calculation to be used in project environmental review by the Planning Commission and the Planning Department. Federal and State air quality and noise objectives should be included. San Jose's environmental policies should be consistent with State guidelines and deviate only if there is some unique environmental problem in San Jose which merits special attention.
2. Adopt the environmental goals, policies and standards for inclusion in the General Plan and as a basis for developing Urban Service Programs and Master Environmental Impact Reports (MEIRs).
3. Adopt the following as a policy for inclusion in the General Plan: That the City will not approve residential development that would result directly or indirectly in violations of the City's environmental goals, policies, standards, or objectives or expose people to air or water pollution levels or community noise levels above applicable standards unless a statement of overriding consideration is made. Statements of overriding concern will include, in sufficient detail for judicial review, the factors justifying approval. This statement of overriding consideration will be included with the final EIR. Wherever possible, mitigation measures and/or pollution control strategies should be required as a condition of development approval to reduce adverse environmental effects. Environmental standards related to public health and safety should be relaxed only if technical studies justify changes in standards.
4. Direct the Administration to prepare, for Planning Commission and Council approval, Master Environmental Impact Reports (MEIRs) for each planning area or critical segment to enable the City to evaluate cumulative, area-wide effects of development. This would be done in the most cost effective manner if done as a part of the EIR to be prepared on the General Plan. In developing MEIRs, the General Plan, Urban Service Programs, and all other available information should be used as the basis for determining the amount of development that is likely. The direct and indirect, primary and secondary environmental

impacts for each proposed land use should be described, alternative mitigation measures evaluated, and, alternative land use and density proposals and development staging schedules analyzed. MEIR's should be reviewed annually with the General Plan, Urban Service Programs, and Urban Development Policy for potential revision and updating. Costs for preparing MEIRs should be recovered by the City through charges applied in the development review process.

5. Direct the Administration to develop, from the following guidelines, specific procedures for environmental review of proposed residential development projects. The specific procedures should be included in the City's "Departmental Procedures Manual."
- The Director of Planning, in consultation with other City Staff and responsible public agencies, should conduct the initial environmental review of a proposed project to determine whether it may have a significant effect on the environment. Applicants may be requested to complete special studies to assist the Director in determining whether site-specific impacts would result in significant environmental effects.
 - A negative declaration (ND) should be granted signifying completion of environmental review only for projects that will not have a significant effect on the environment. Any special studies completed at the request of the Director of Planning should be included in the record of the negative declaration.
 - For projects conforming to the General Plan and Urban Service Programs, but likely to have significant effects on the environment, only an abbreviated environmental impact report (EIR) containing primarily site-specific information, termed a subsequent EIR and incorporating the MEIR by reference, or a supplemental report to the MEIR, should be required as long as the project's environmental impacts would not exceed the threshold levels indicated in the MEIR.
 - Preparation of a complete EIR should be required only for projects that may have significant effects on the environment when they would exceed the threshold levels indicated in the MEIR, would be located outside the urban service area, would not conform to the General Plan or Urban Service Program, or when there is no Urban Service Program or MEIR. Conformity to the General Plan and the Urban Service Program should be gauged by considering the proposed type of land use and density, the magnitude and scale of the proposed project, land coverage, height and bulk of proposed buildings, and the anticipated public service and facility requirements.
 - Statements specifying content and measurement criteria to be used in preparing an EIR should be developed so

that applicants will be better able to provide information needed by the City and so that more consistency will exist among EIR's allowing more equitable review by the City.

For each goal, policy, standard, or objective, criteria should be established to evaluate the environmental effect of individual development projects using policies and guidelines for project impact analysis issued by agencies such as State Air Resources Board, the Bay area Air Pollution Control District, the State Water Resources Control Board, and the Federal Environmental Protection Agency.

7. Continue the practice of having the Planning Commission conduct public hearings on draft EIRs (or supplemental reports to MEIRs) on residential development projects and certify them as complete in compliance with the California Environmental Quality Act. Public hearings on MEIRs, Urban Service Programs and General Plan Amendments should be conducted by the Planning Commission and City Council. The Planning Department's response to comments by reviewing agencies should be added to the EIR and sent to the originating agency.
8. Direct the Administration to make available one copy of any final EIR or MEIR for easy access and/or reproduction to facilitate public review of the complete record of the environmental impact assessment and the final disposition of all environmental issues raised during project review.

Reasons for Policies

Environmental review is presently the least satisfactory step in the development approval process. Methods of environmental assessment are not uniform and no mechanism exists to evaluate the cumulative affects of individual projects. Criteria used to determine whether a full EIR is needed for individual projects lack specificity and are subject to interpretation.¹ Preparation and review of environmental documents adds considerable time and expense to the residential development approval process. Even when it has been determined that a project would have a significant affect on the environment, there is no full set of standards to indicate whether a project should be approved, disapproved, or conditionally approved with mitigation measures. A more precise formulation of environmental goals, policies and standards in the General Plan and in Urban Service Programs is desirable. Designation of acceptable threshold levels for environmental affects in MEIR's would speed and improve project review and facilitate making net benefit findings that would be necessary for project approval.

Under current procedures, a developer submits an application for environmental clearance which establishes the basis for the Planning Department's decision to require an EIR or to grant a negative declaration (ND). Thirty criteria relating the project characteristics to the environmental setting are used to analyze the application.² The checklist shown in Figure 3 should be reviewed for adoption and used in place of the existing application. Adoption of the proposed checklist should simplify the preparation of an application for environmental clearance and help focus the review on factual environmental data.

Specific environmental standards must be set to facilitate a more precise analysis of a project's compliance with the City's environmental goals and policies. Specific data will be provided in the proposed checklist which will link evaluation criteria to adopted environmental goals and policies and planning factor maps that depict measurable characteristics of the natural environment. Standards should be specified for the criteria used to evaluate a project so that developers will know precisely the acceptable levels of environmental impact. The Environmental Commission or a committee with technical expertise in environmental matters should be charged with setting the needed environmental standards.

Master Environmental Impact Reports should be developed for each planning area; so the City can evaluate cumulative, area-wide affects of development. The MEIR concept is intended to fill the need for environmental impact assessment of future development at a level of detail between the City's General Plan and the site specific impacts

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1. Measure "B" Study Working Paper #4, pp 29-31.
 2. Measure "B" Working Paper #8, p.20. The existing application does not require enough precise information to enable the Planning Department to review the Application for Environmental Clearance without detailed study.

of an individual project. The General Plan, which is currently being revised, will require an EIR and should provide much of the necessary data in a city-wide framework needed to develop area-wide MEIRs. If possible, MEIRs should be prepared concurrently with the EIR being done on the General Plan so that MEIRs will be the product of supplemental information added to the City-wide EIR. Much of the background information for MEIRs is already available in the City's plan elements, technical reports, and project EIRs.

MEIRs should be developed first in those areas of the City expected to experience significant amounts of future development. Preparation of MEIRs should reduce or eliminate the need for full EIRs on specific development projects. When MEIRs are available, project EIRs would not have to repeat descriptions of variable such as area-wide air quality or geology, but would be required to include any supplemental, site specific, environmental data not contained in the Application for Environmental Clearance. The resulting shorter EIRs will reduce preparation and review time.

While the initial development of MEIRs will require substantial "front-end" money, they should reduce cost in the long-term to both the City and to developers. Processing costs to the City should be reduced because of the shorter length of any required site specific EIRs. Developers will realize economies as a result of shorter processing time. In addition to the shorter processing time, developers can realize additional cost savings because the area-wide environmental data that is now required in individual EIRs will be done once in the MEIR and will not have to be repeated in any supplemental studies required for project approval.

Any project that would result in unacceptable environmental impact should not be approved unless a statement of overriding considerations is made. Environmental standards based on public health and safety such as those intended to minimize flood hazard, aviation accident hazard, seismic and geologic hazards, air pollution, water pollution and exposure to excessive noise should be relaxed only if technical studies justify a change in the standard either because of local environmental conditions or new scientific research. Under present law, economics or social hardship cannot be cited as an overriding factor justifying continued violations of environmental standards. Consequently, environmental standards relating to public health or safety should be observed by all project proposals.

The Planning Department has elected not to prepare final EIRs for public distribution because of processing delays and added reproduction costs. However, with implementation of the recommended environmental review policies and preparation of MEIRs, full EIRs will be required only where MEIRs do not exist or project impact will exceed those identified in an MEIR (thereby requiring plan amendments). These cases are the ones in which public involvement in the review process and easy access to the final environmental document is particularly important. The Planning Department should therefore make available one copy of any final EIR for easy access and reproduction to facilitate public review and involvement.

Implementation Proposals

To implement the recommended environmental review policies, changes would be needed in the City's existing ordinances and procedures. Also, Urban Service Programs and MEIRs would have to be prepared. Six additions or modifications to the Environmental Review Ordinance are needed to implement the recommendations;

1. Section 20302.1, Negative Declaration, should require the Director of Planning to consult with other City Departments and responsible public agencies during the initial review of a project application and authorize the Director to request applicants to furnish supplemental data (a geological investigation, for example) to be used in determining if a Negative Declaration (ND) should be granted. Circulation of ND's to other City Departments and responsible public agencies should be required and NDs should be posted conspicuously in City Hall and made available in public libraries and to individuals and organizations.
2. Section 20402.3, Environmental Impact, should include a requirement that EIRs contain a summary of all impacts classified as beneficial, adverse, short-term, long-term, direct, indirect, and whether mitigation measures could be implemented to facilitate review.
3. Section 20502.2, Contents of a Final EIR, should require that the final EIR be appropriately cross-referenced to indicate clearly all changes in the Draft EIR resulting from public review and that a complete copy be available for reproduction.
4. Section 20502.6, Certification of Final EIRs for projects with significant unmitigated environmental impact should include a statement of overriding considerations substantiating project approval. The Statement should be included in the project record and filed along with the Notice of Determination in the County Clerk's Office as prescribed by State guidelines.
5. Appropriate change should be made in Article XX of the Municipal Code to define an MEIR, specify responsibility for its preparation and updating, prescribe its function in project environmental review, and include its relationship to other environmental documents.
6. Section 20102.1, Fees, should require that fees be set according to the actual time and materials expended by City staff and/or consultants selected and employed by the City for the development of MEIRs, in keeping with the City's cost-recovery policy.

In addition to the above recommended changes in the Environmental Review Ordinance, the Planning Department should consider implementing the following proposals that would not require City Council action:

1. An environmental data bank should be created that initially would be a compendium of existing technical information on the urban and natural environment, appropriately catalogued and cross-

referenced to permit easy retrieval by planners and preparers of EIRs. Ideally, creation of a data bank should be a joint City-County effort to maximize resources and avoid duplication of effort, particularly in area-wide population and economic forecasting, tabulation of existing and future base-line environmental conditions, traffic modeling, and air and water quality modeling. Over time, the data bank should be expanded to facilitate storage, retrieval, analysis, and updating of land use and environmental data used for planning, preparation and revision of Urban Service Programs, and project evaluation. The system should be designed to assist planners in composing impacts of specific development projects with those anticipated in MEIRs and set pollution limits or emissions budgets necessary to achieve and maintain air quality and water quality standards such as those proposed in Senate Bill 98.

2. The Application for Environmental Clearance should be revised to include a checklist to simplify preparation and focus the initial environmental review on factual, uninterpreted environmental information. The checklist (shown on pgs 5-8) should be reviewed by City departments and affected public agencies for adequacy and completeness. An adopted checklist should replace Section II, description of environmental setting, presently used in the Application for Environmental Clearance. In addition, a fifth Section, Description of Proposed Mitigation Measures, would be added to Section 1b of the existing Application for Environmental Clearance.
3. A manual for environmental impact assessment should be prepared in order to simplify the preparation and review of EIRs and MEIRs. The manual should define standard units of measurement. The guidelines recently published by the Bay Area Air Pollution Control District (BAAPCD)³ can be used as a model for establishing standardized methods of air quality impact assessment. In the future the Regional Water Quality Control Board expects to publish similar guidelines for analysis of erosion problems. In the City's Noise Element, standard methods of analysis are described clearly. The manual could be updated as experience with the methods and new research dictate changes.
4. A summary matrix should be appended to all EIRs to provide a capsule view of all identified environmental impacts. A draft matrix has been developed by the San Jose Planning Department which can be used as a model for the development of such a matrix.⁴

The development of MEIRs should follow a common outline.⁵ Any changes made in draft MEIRs should be incorporated into the final MEIRs, rather than appended to them to facilitate readability and ease of use. Copies of MEIRs should be available to the public for review and comment.

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3. Bay Area Air Pollution Control District, 1975, Guidelines for Air Quality Impact Analysis of Projects, an Information Bulletin prepared by the Technical Services Division.
 4. Measure "B" Working Document #68.
 5. Measure "B" Working Paper #8, pp 12-16.

SE = Significant Effect
NE = No Significant Effect
UN = Unknown Effect
NA = Not Applicable

PROPOSED CHECKLIST FOR ENVIRONMENTAL REVIEW

EVALUATION
(Staff Use Only)

1. Would the project alter a permanent or seasonal watercourse or body of water? _____
2. Would the site be subject to flooding? _____
 - a. Acres within floodway to be developed _____
 - b. Acres within 100 year flood plain to be developed _____

[illegible]

SOURCE OF
INFORMATION
(If other
than City
or County
published
data)

EVALUATION
(Staff Use Only)

3. List existing surface water At Site Within $\frac{1}{2}$ mile
quality if known: (a)

Alkalinity(mg/l)	_____	_____
Hardness(mg/l)	_____	_____
pH	_____	_____
Surface Dissolved Oxygen(mg/l)	_____	_____
Chloride(mg/l)	_____	_____
Phosphate(mg/l)	_____	_____
Sulfate(mg/l)	_____	_____
Nitrate(mg/l)	_____	_____
Conductivity(umhos/cm)	_____	_____
Coliform(MPN/100 m)	_____	_____

4. List existing groundwater At Site Within $\frac{1}{2}$ mile
quality if known: (a)

Calcium(mg/l)	_____	_____
Magnesium(mg/l)	_____	_____
Potassium(mg/l)	_____	_____
SiO ₂ (mg/l)	_____	_____
Chlorine(mg/l)	_____	_____
SO ₄ (mg/l)	_____	_____
HCO ₃ (mg/l)	_____	_____
NO ₃ (mg/l)	_____	_____
Sodium(mg/l)	_____	_____
Total Dissolved Solids(mg/l)	_____	_____

C. ECOLOGY

1. Would the project directly or indirectly affect
known habitats of endangered or rare species
(see Conservation Element)? _____

- a. Flora _____
b. Fauna _____
c. Biotic Communities _____

2. Would the project directly or indirectly affect
any of the following:

- a. Wildlife habitats _____
b. Migratory trails _____
c. Wildlife food sources _____

D. NATURAL RESOURCES

1. Does the project propose for development any
land designated as open space in the General
Plan? _____

2. Would the project increase or decrease runoff
from the site? _____

SOURCE OF
INFORMATION
(If other
than City
or County
published
data)

EVALUATION
(Staff Use Only)

SE	NE	UN	NA

- Daily average _____
Peak _____
Peak 8-hour _____
6-9 AM _____

SOURCE OF
INFORMATION
(If other
than City
or County
published
data) _____

EVALUATION
(Staff Use Only)

SE	NE	UN	NA

2. Would the project include provision for or
utilization of public transportation? _____

a. Number of transit trips projected _____

G. CULTURAL/AESTHETIC

1. Would the project affect any of the following:

a. Historical buildings or sites? _____

b. Potential archaeological sites? _____

c. Natural features of rare value
on the site? _____

d. Views of or from the site? _____

(a) Santa Clara Valley Water District data reported in URS Research Corporation, 1974, Environmental
Setting of the Watersheds of Floodplains of the Guadalupe River, Coyote Creek and their Tributaries.

6. POLICY FOR SETTING DEVELOPMENT TAXES AND CHARGES

Measure "B" Directive: Study "how all further residential developments can be allowed to take place only with the assurance that all necessary community facilities will be provided concurrently with such development."

Objective: To insure that financing is available prior to occupancy to provide essential and necessary facilities and services.

Recommended Policies: The City Council should:

1. Annually adjust construction and conveyance taxes so that the combined revenue from the construction and conveyance tax is sufficient to cover the costs of the share of public facilities they originally were intended to finance. The Council should direct the Administration to report annually to the Council on such needed adjustments.
2. Modify the present requirements governing the distribution and use of construction and conveyance funds for all eligible uses except the acquisition and development of parks so that the revenue generated by the taxes can be pooled on a city-wide basis and be more easily spent on high priority essential facilities. The existing requirements governing the distribution of monies collected for the acquisition and the development of parks should remain unchanged. The Administration should prepare appropriate ordinance changes for Council approval.
3. Adopt the following as a policy for inclusion in the General Plan to guide the development of Urban Service Programs and the approval of new residential development:
 - When minimum necessary facilities and services (as defined) are not financed or budgeted from existing or new city-wide revenue sources or construction and conveyance taxes, an equitable method for raising the balance from the area of direct benefit should be established before development is allowed to proceed. General obligation bonds are the least expensive and most equitable way of financing essential or necessary facilities or services. Use of assessment districts should be given consideration because they can spread the burden between existing and future owners and because assessments, unlike very high construction taxes, do not substantially diminish the share of the population able to qualify for home purchase.

Reasons for Policies

Historically, San Jose has funded capital facilities with revenue generated by general obligation bonds, federal and state grants and subventions, revenue bonds, and assessment districts. More recently, the City established Construction and Real Property Conveyance taxes as a prime local source of funding for specific community facilities. Additional revenue sources now used by the City to fund capital improvements are user charges and non-assisted redevelopment.

Traditional sources of funding for capital improvements are becoming increasingly unreliable. Recent voter disapproval of proposed general obligation bond measures indicates that such bonds are not a viable source of revenue at the present time. Much effort is needed, and should be expended, to restore voter confidence in these bonds. Other historically significant sources of funds, such as Federal and State grants, while still available, represent an unreliable source and a smaller share each year of the total amount needed for capital improvements.

Revenue sources now used by the City to finance capital facilities are inadequate to provide necessary facilities at minimal levels of service. Some needed capital facilities are without any presently available source of revenue. Some transportation related improvements, city-wide parks, fire support facilities, and police support facilities are all examples of such facilities not now funded.¹ Other facilities funded by the Construction and Conveyance tax are either not funded at acceptable levels of service or are not effectively programmed because of constraints governing how the money is spent. The recommendations address the problems associated with the existing Construction and Conveyance taxes and propose a strategy for generating additional revenue where necessary facilities and services cannot be provided.

Some improvement in the funding of facilities and services can be obtained by modification of existing revenue sources, and the Task Force has made recommendations in this area. However, the Task Force feels that this will not solve the dilemma. Major studies should be undertaken to completely reevaluate the present revenue sources. Innovative changes in source generation must occur at all levels of government.

Regional approaches to regional problems, such as regional revenue sharing, must be considered. Current sources such as gas and sales taxes should be reevaluated, and possibly increased. The property tax has many inequities, and causes as many problems as it solves. A major change in the property tax structure is desirable and must be considered together with alternatives to this tax.

1. General Plan Fiscal Analysis, October, 1975, Prepared by The Office of Assistant City Manager.

New revenue sources such as vehicle taxes, toll roads, and other revenue generation techniques used in other areas should be evaluated.

Concurrently, the present facilities and services and levels of service should be reevaluated to determine if they are filling the needs of the city's residents and merit the related costs. The Task Force was not charged with the consideration of such major changes in taxing structure and service provisions. The Task Force has recommended changes which partially address the problem and which can be readily implemented while other studies are underway.

Construction and Conveyance taxes were originally established in 1970 to fund neighborhood parks; park service yards; fire protection facilities; library facilities and books; communication facilities; and public works service yards. The taxes were set so that the combined revenue generated would be sufficient to fund needed facilities at defined standards. The Conveyance tax is responsive to inflation. The Construction tax has been increased once, but it has lost nearly one-third of its value to inflation since the application of a flat rate per unit was begun over three years ago.² Construction taxes should be adjusted annually to maintain a constant purchasing power.

The geographical limitations governing the use of Construction and Conveyance tax monies have serious implications for the provision of the facilities funded by the taxes. Presently, sixty percent of the revenue generated within a particular planning area must be spent within that area for parks, library and fire fighting facilities. However, funding for libraries and fire stations requires large amounts of dollars which must be accumulated in a particular planning area. Typically, the revenue generated in growing areas requiring basic facilities is not adequate to build a major facility such as a fire station until money has accumulated for several years. Thus, there may be enough money city-wide to build a needed fire station, but the fact that it is divided among as many as 14 planning areas makes it impossible to construct the facility.

The constraints governing the distribution of and use of Construction and Conveyance tax funds for libraries and fire protection facilities should be modified so that the revenue generated by the taxes can be pooled on a city-wide basis and be more easily spent on where the need for libraries and fire protection facilities is the greatest. Because the need for neighborhood parks exists in all planning areas, the present constraints governing the distribution of monies for neighborhood parks should remain unchanged.

It is becoming increasingly clear that the revenue sources available to local governments are inadequate to provide all necessary facilities

2. Measure "B" Study Working Paper #9, p. 35.

needed by new residential development. Several options are available in dealing with this dilemma. The City could: 1) defer all additional development until funds for the needed capital facilities are available from city-wide sources; 2) allow development to proceed with substantial deficiencies in necessary facilities and services; or 3) allow development to proceed as long as it provided the necessary revenue to finance unfunded capital facilities or services. The third option is that which is incorporated in the determination of fiscal net benefit and the approach that is consistent with the City's philosophy of "pay-as-you-grow."

The proposed fiscal net benefit determination requires that financing and a program exist to construct, operate, and maintain necessary facilities and services needed by new residential development. If needed facilities and services are not financed or budgeted from existing city-wide revenue sources and no new city-wide revenue can be generated, then a method for raising the unfunded balance from the area of direct benefit should be established before development is allowed to proceed.

General obligation bonds are the least expensive and most equitable way of generating revenue on a city-wide basis. Another potential city-wide source of revenue would be to substantially increase either or both the Construction and Conveyance taxes. Both sources of revenue would spread the burden of financing necessary facilities and services for new development to all residents of the City.

Assessment districts should be considered as a technique for generating revenue from areas of direct benefit to fund needed necessary facilities. The assessment district technique, unlike development taxes or charges, avoids pricing more people out of the new housing market since it does not raise the initial cost of the house. The assessment is levied each year and collected along with regular property taxes. The technique also avoids windfalls to those already living in an area or to property owners who are able to hold land at low cost for future speculation.

One difficulty with assessment districts is that they may be difficult to form because formation proceedings can be halted by a protest of more than 50% of the property owners, although the City Council does have the power to override protest by a four-fifths vote. An additional, and perhaps more significant problem, is that if assessments were not paid by homeowners, then the City is liable for all defaults. Up to now, only a few assessment districts have been formed in San Jose and almost all have been for industrial projects. If assessment districts are used as a primary technique for funding future capital improvements, then the City's contingent liability concern may become critical.

In lieu of available funds from city-wide or other sources, each new residential development should be required to pay its share of the total unfinanced cost of all necessary facilities and services needed to serve the residential development. Urban Service Programs (Section 3) provide the framework for calculating the unfinanced costs of necessary facilities and services.

The financing techniques mentioned above are most alternatives for financing capital facilities. Operating, maintenance, and service costs are traditionally financed from the property tax, sales tax, and other sources of general revenue. Where projections of revenue indicate that anticipated revenue flows will not be sufficient to cover operating, maintenance and service costs of new and existing facilities, additional funding techniques must be developed. One effective strategy for increasing revenue for operating and maintenance costs is to stimulate industrial development, thereby raising the taxable assessed valuation.

Implementation Proposals

The Construction and Conveyance tax ordinances should be reviewed and revised as necessary. The Construction tax should be modified so that it maintains a constant purchasing power by annually adjusting the rate for inflation. The formula which limits how Construction and Conveyance tax revenues can be spent should be changed so that monies for libraries and fire stations can be pooled on a city-wide basis and spent to stage the provision of the facilities in a logical city-wide approach.

Where assessment districts are an appropriate technique for funding necessary facilities, the City should play an active role. The City should initiate the formation of assessment districts where consistent with Urban Service Programs and the General Plan by bringing property owners together, negotiating boundaries, preparing preliminary cost estimates, providing legal assistance, and possibly donating engineering services for plans and specifications. The City should consider establishing an incentive fund which could be used to facilitate the formation of assessment districts. Contributions from the fund could be used to lower construction costs in assessment districts that are defined as high priority by Urban Service Programs prepared for each planning area.

7. POLICIES FOR INCLUDING HOUSING FOR ALL INCOME LEVELS
IN NEW DEVELOPMENT

Measure "B" Directive: Study "how further residential development can be required to include an equitable proportion of housing for all income levels."

Objective: The objective established by the measure was to assure that all new housing development include an equitable proportion of housing for all income levels. Task Force study has shown that this objective is unattainable and that the provision of housing for all income levels should be approached by relying on the City's total housing resource of new construction of for sale units, new rental units, mobile homes, and the existing housing stock.

Recommended Policies: The City Council should

1. Direct the City Administration to explore how any available or new source of funding for housing conservation and rehabilitation can be used by the City of San Jose in order that the focus on providing housing for low income families will shift from new housing development to more effective utilization of the existing housing stock.
2. Direct its legislative committee to 1) support all housing legislation at the state and federal level that furthers the City's objective of conserving and rehabilitating the existing housing stock and 2) to advocate greater autonomy in the administration of federal and state housing programs.
3. Support efforts to include moderately priced housing units in all new housing development.
 - A majority of the Task Force (5 of 8) recommends that the City Council direct the administration to work with developers to provide some housing that would sell for less than is presently being provided by the private market by fully utilizing the existing flexibility in the Planned Development zoning process. (See Minority view after Recommendation #7).
4. Continue to fully utilize any existing or new state and federal housing programs designed to increase the supply of low income housing or to subsidize low income families so that they can better compete in the existing housing market.
5. Direct the Administration to investigate the feasibility of encouraging higher density development in predominately urbanized single family areas, especially near existing or developing centers of employment, by rezoning appropriate lands to permit apartments in order to develop a mix of housing types and to encourage the most efficient use of existing services and facilities.

6. Direct the administration to investigate ways in which the public and private sectors can use land banking to obtain sites for low income housing and as an aid in implementing the City's growth and development objectives. Any lands acquired for low income housing should occur first in areas where the limited amount of land remaining for development makes progress towards meeting the objectives the Housing Assistance Plan difficult.
7. Direct the administration to assign principal responsibility for project development and implementation in housing to a single department. Planning and program development for housing should remain a function of the Planning Department.

The Task Force could not reach consensus on the role that new residential development should play in providing housing for all income levels. In this regard;

A minority of the Task Force (3 of 8) recommends, in addition to the above, that the City Council require 10-25% of all for sale housing in developments where the total number of units to be ultimately built is greater than 25-50 to be offered at a price not to exceed 80 percent of the median price of all new homes sold in San Jose during the previous year, subject to adjustments for inflationary changes in construction costs, or for unusual land or site development costs. (The housing so provided is referred to as market entry housing).

The minority position further recommends the following to implement the market entry proposal:

- a. reduce or eliminate construction taxes or other development fees in all required market entry housing;
- b. distribute all market entry housing to planning areas
 - i. in accord with the allocations contained in the adopted Housing Assistance Plan. The requirement for market entry housing should not apply to developments located in neighborhoods where assisted housing exceeds 20% of the total housing stock;
- c. establish mechanisms to insure that all market entry housing is occupied by families who cannot afford higher priced housing and that windfall profits resulting from the resale of market entry units do not occur.

Reasons for Policies

The Measure "B" Study directive in housing is "to explore how further residential development can be required to include an equitable proportion of housing for all income levels,"

In San Jose, a 1,000 square foot single family house, about the smallest generally built at typical subdivision densities of 4.7 units per acre, sold for about \$33,500 in May, 1975.¹ In order to qualify for purchasing a house at this cost, a family's annual gross income would have to be about \$17,000. Roughly one half of San Jose's families were making this amount of money in May, 1975.² At the same time the median housing price in San Jose was \$37,000.³

Compliance with the Measure "B" Study directive would require that units selling for far less than are presently being constructed in the private market be included in all new residential developments. After thoroughly analyzing the potential effectiveness of several techniques for lowering the cost of new housing, the Task Force concluded that the stated objective of new development containing housing for all income levels is unattainable without massive federal subsidy programs to stimulate the construction of low cost housing or to supplement the income of low and very low income families. However, housing for all income levels should and can be provided in San Jose if:

1. The solution to the problem is viewed within the context of the City's entire housing stock of new and existing units; and
2. the existing stock of for-sale and rental units is relied upon in the immediate future to provide housing for low and moderate income families.⁴

New residential development can and does play an important role in providing housing for many San Jose families. Research has shown that by increasing the supply of housing for moderate income families, housing opportunities for lower income families are improved through what is called the "filtering" process.⁵ Filtering is a process by which a house, vacated by a family moving to an alternative location, is occupied by a family moving from a lower cost unit. Thus, new construction at any cost level may eventually benefit the lower income house seeker.

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1. Measure "B" Study Working Paper #5, page 19.
 2. Measure "B" Study Working Paper #5, page 8.
 3. Measure "B" Study Working Paper #5, page 5.
 4. The most recent data for vacancy rates in San Jose appears in The Apartment Survey for Santa Clara County, prepared by The Institute for Business & Economic Research, School of Business San Jose State University, June, 1975. This source reports a 4.7% vacancy rate for apartment complexes of 100 or more units. Similar vacancy rates are reported by the City's Planning Department for all rental complexes of less than 100 units.
 5. Measure "B" Study Working Paper #5, pg. 14

A factor that decreases the effectiveness of the filtering process is a high rate of in-migration. As the rate of in-migration increases, the supply of housing--both old and new--becomes tighter; thereby reducing the inner jurisdictional mobility of residents seeking to upgrade their existing housing. In San Jose, the rate of in-migration has been decreasing. In the late 1950's and early 1960's, annual in-migration ranged from 6 to 8% (from 35,000 to 50,000 people). In recent years annual in-migration has ranged from 1 to 2% (from 10,000 to 20,000 people).⁶

Another factor affecting the filtering process is a high rate of inflation which has the affect of moving housing costs further away from the lower income family's ability to pay. However, inflation is a general factor affecting any housing program--whether it be oriented to filtering or to the direct construction of new lower cost units.

There are several actions the City can and should take to broaden the market from that now being served by new housing:

1. The City should fully utilize any existing or new state or federal moneis for housing including those not presently used by San Jose. Application for funding should be made to the State Housing Finance Agency for assistance in new construction and substantial rehabilitation programs, and to HUD for recently released Section 235 funds for new construction.
2. The City Council should direct the Administration to work with developers to provide some housing that would sell for less than is presently being provided by the private market by fully utilizing the flexibility that now exists in the PD zoning process.
3. The Administration should evaluate the feasibility of allowing higher density development in or near predominately urbanized single family areas in the General Plan 75 process.
4. The Administration should investigate ways in which land banking can be used to assist in obtaining sites for low income housing and be used as an aid in implementing the City's growth and development objectives.

The above strategy for new housing represents the view hold by all of the Task Force. However, a significant minority feels that new residential construction can play a more important role in providing housing for a wider range of income levels. The minority recommends that each new residential development be required to include a percentage of "market entry" units.⁷

6. Daniel J. Alesch & Robert A. Levine, Growth in San Jose; A Summary Policy Statement. Rand: Santa Monica, May 1975. p vi.

7. See Measure "B" Study Working Paper #5 for a full discussion of "market entry" housing. In Working Paper #5 this type of housing is called "market minimum" housing. Pgs. 19 & 25.

These units could be built for a profit by the private construction industry but would sell for less than new for-sale units currently being sold in San Jose. This lower cost can be achieved through cost savings in two areas.

First, the developer would leave out many amenities now built into new homes. The typical market entry house would have 850 to 900 sq ft, 2 bedrooms, 1 bath, no fireplace or dishwasher, few built in features, and no yard improvements or landscaping.

Second, the lot size for the house could be decreased from 6,000 sq ft to 4,000 sq ft, and a portion of the City's development charges could be forgiven.

By decreasing amenities built in by the developer and by decreasing City standards and charges, the cost of the market entry house could be as low as \$26,670.⁸

While there is a role for new housing development to play in providing housing for all income levels, it must be recognized that new residential development cannot provide the complete solution to the housing problems of low and perhaps moderate income families. Local government cannot, by itself, directly subsidize housing for low and moderate income families. A recent report by the League of California Cities states that ". . . the League believes that poverty is the major barrier to increasing housing opportunities for low income people, and its eradication is beyond the purview of the housing delivery system. The problem of poverty is National in scope and can only be addressed indirectly by local housing policy."⁹

It is becoming increasingly more difficult for the construction industry to respond to the housing needs of moderate income families. Local governments, faced with very real service and facility deficiencies in newly developing areas, are being forced to rely on special development taxes on new construction to insure that funding for essential community facilities is in place prior to development. Locally imposed development taxes have the effect of increasing housing cost for new homes and thereby work against the objective of producing housing for all income levels in new construction.

Given the limited role that new residential construction can play in providing housing for all income levels, San Jose must focus on rehabilitation and conservation of the existing housing stock in order to effectively provide housing for its low and moderate income families. With such a strategy, housing opportunities for all income levels will increase. The increase in opportunities will occur as:

- o new and existing residents with adequate income occupy new housing constructed in the City.

8. Measure "B" Study Working Paper #5, pp 25.

9. The Role of California Cities in Housing, Insitute for Local Self Government, June 20, 1975, pp 83-84.

- o existing residents with low incomes presently living in substandard housing rehabilitate their existing dwellings or move to a sound unit at an alternative location.
- o new residents with low income move into a sound unit or rehabilitate an existing substandard unit.

This approach is realistic, given the present and anticipated future costs of new homes likely to be sold in San Jose, and workable, given existing available and potential new sources of funding for housing conservation and rehabilitation. There will continue to be a problem in having an adequate total supply of housing as long as population increases. Approaches to housing problems will have to be reevaluated as the nature of the problem changes and funding and other mechanisms change.

Implementation Proposals

Housing conservation and rehabilitation can become a dominant thrust of San Jose housing programs when the City maximizes the use of existing available resources. Currently the City is actively pursuing a strategy of housing conservation and rehabilitation in its Community Development Block Grant Program (including the new Section 8 housing program). Additional resources for rehabilitation are available from Federal, State and local sources including the following:

1. Federal Section 312 loans for housing rehabilitation;
2. State Housing Finance Agency loans for new construction and for substantial rehabilitation.
3. Marks-Foran financing for residential rehabilitation.
4. Thirteen sections of conventional FHA insurance for residential rehabilitation.

The City Administration should examine all of its existing programs and other potential sources of funding to assure that the most effective use of all resources is being used in support of the conservation and rehabilitation strategy. The City should also advocate greater local autonomy in the administration of federal programs so that the City can tailor local housing programs to meet local needs.

Opportunities exist for the City to capitalize on previously unavailable resources for housing rehabilitation. Area Housing Councils, which enable participating jurisdictions to implement their housing plans on an area-wide scale, provide a funding source for specific implementation programs.

Local Savings and Loans represent an additional large, relatively untapped resource for housing rehabilitation programs. Redlining, which refers to the practice by banks and lending institutions of refusing to extend mortgage credit to inner city neighborhoods, has prevented the full utilization of this resource. The City should continue to

play an active role in encouraging private sector lending institutions to extend mortgage credit for rehabilitation loans. The effectiveness of proposed administrative regulations sponsored by the State Business and Transportation Committee to make State chartered savings and loan institutions subject to State and local scrutiny when they deny loans to inner city neighborhoods should be monitored by the City. If the regulations prove to be ineffective in eliminating the practice of redlining, the City should advocate State legislation to eliminate this process of disinvestment in inner city neighborhoods.

Land banking represents one potentially beneficial technique in working to reduce housing prices in new residential developments. It can also be effectively used to achieve other City development objectives. There are presently several local, private, non-profit organizations¹⁰ attempting to expand tools previously used to acquire open space to acquire land for other urban and non-urban uses. Examples of alternative uses for landbanking being explored by these organizations are the following:

- . for preserving the productivity of lands now in agricultural use but threatened by pressures of urbanization.
- . for timing the location and magnitude of growth occurring at the edges of urbanized lands.
- . for securing land in predominately developed areas for use as sites for low income housing.

The feasibility of such approaches to achieve San Jose's objectives of providing housing for all income levels and managing growth at its edges should be fully explored.

Action in both the public and private sectors is desirable. There are currently private and non-profit organizations working independently of public agencies in other cities to buy land and construct low cost housing. The City should help initiate and support land for the future construction of low and moderate income housing in San Jose.

The City's efforts in housing can be characterized as fragmented and generally lacking a coherent, well defined focus. Principal responsibility for project development and implementation should be assigned to a single department. That department should be charged with developing a program consistent with the approach described above in order to better provide housing for all income levels.

10. Two organizations interested in working in the San Jose area are The Trust for Public Land, San Francisco; and West Valley Open Doors, Los Gatos.

8. RECOMMENDED RESIDENTIAL DEVELOPMENT
APPROVAL PROCESS

Relation to Measure "B" Directive: Although not specifically required by Measure "B", it is obvious that the changes sought by the initiative call for revisions to the residential development review process. The recommendations and implementation proposals described in this section are suitable as a framework for insuring that the policies offered in previous sections are carried out.

Objective: To develop a residential development approval process which satisfies the City's economic, fiscal, social and environmental goals and provides for the most efficient decision-making procedure that is possible.

Recommended Policies: The City Council should:

1. Direct the Planning Department and the Planning Commission to continue efforts to establish design criteria in order to reduce the number of changes requested by the City late in the development review process.
2. Direct the Administration to prepare new zoning regulations for "Planned Development Proposals" to provide a clearer indication of the maximum allowable density to be permitted.
3. Direct the Administration to develop legal and/or administrative procedures for explicitly considering economic, fiscal, environmental and social impacts in determining net benefit for residential development projects.
4. Request that the Planning Commission hold all public hearings on draft EIR's, supplements to MEIR's, and MEIR's at night to facilitate public review and comment.
5. Direct the Administration to implement a "one stop" service center to process residential development applications in order to overcome the existing fragmented approach to the residential development approval process.
6. Direct the Administration to simplify the presentation of development regulations and processes so that citizens, developers, and public agencies can more easily understand City policy and procedures.
7. Direct the City Administration to utilize present data and data sources in building improved data systems to facilitate the development of the recommendations embodied in this report.

Reasons for Policies

Some of the recommendations and implementation proposals described in this report will significantly affect the residential development review process. The review process, proposed by the Study recommendations, is illustrated in Figure 4. Steps in the process that have been added or deleted are distinguished from steps that are unaffected by the recommendations, enabling the reader to see the effect of the recommendations on the existing process. Two steps in the present process would be affected. Modifications would occur first in the environmental review process and then at the point of City Council action on zoning, rezoning, or prezoning applications.

With the exception of environmental review, San Jose's residential development review process functions effectively. Four innovations implemented in recent years are responsible for significant improvements in the overall review process:

- delegating authority to act on Planned Development permit applications to the Director of Planning.
- simultaneous processing of proposals requiring multiple approvals such as prezoning, annexation, tentative subdivision map approval, and planned development approval.
- delegating authority to act on tentative subdivision maps to the Director of Planning.
- formation of an interdepartmental committee to provide integrated review of development proposals.

These procedural innovations have improved working relations between City staff, other public agencies, developers, homeowners groups, and organizations and individuals interested in residential development. Consequently, the development proposal approval rate has been high in recent years because most environmental and design problems are resolved early in the review process, well before the project reaches the approval stage. The conforming zoning process now being implemented by the City is expected to further streamline the process.

Currently, project design requirements in planned development (PD) zoning are open-ended, often resulting in significant changes being required by the City late in the development review process. While the objective of such zoning is to encourage innovative design and the most efficient utilization of land, the existing process is unnecessarily vague, sometimes subjecting developers to costly processing delays. The adoption of design criteria to guide site configuration, architecture, and landscaping, among other items, will preserve the needed flexibility in PD zoning while eliminating unnecessary processing delays.

Additional economies can be gained if the City can more effectively present all development regulations in a manner that is more easily understandable to developers, citizens and other public agencies.

FIGURE 4.
RECOMMENDED RESIDENTIAL DEVELOPMENT REVIEW PROCESS

NOTE: This Figure is being prepared and should be available in early December. The Figure will show how steps recommended by the Measure "B" Task Force fit into the existing development review process.

Graphically displaying the existing residential development review process would significantly contribute to this objective.

Questions of the maximum allowable density permitted in any planned development zone are often not specified prior to the commencement of development processing. Problems that result when decisions on density are left to the PD approval stage include the following:

- The developer must spend considerable money for design and negotiation before he knows how many units he will be allowed to build. Land costs per unit cannot be accurately estimated at the time the land is bought.
- The basis for planning urban service systems and for determining environmental impacts for an MEIR is uncertain because it is not known how many units will be approved in the area being analyzed.
- Residents and land owners nearby have little assurance of the character and impacts of projects that will be approved in the future.

New zoning regulations should be prepared to provide a clearer indication of the maximum density to be allowed in the specific zone.

The existing development review process in San Jose is complex. Review and certification for completeness and accuracy for applications for development is required by different city departments and public agencies. The fact that these approval bodies are physically located in different places contributes to inefficiency in the approval process. The existing process can be improved in San Jose if a "one-stop" service center is created where technical and decision making staff concerned with development review are functionally coordinated and physically located in the same area.

Improved data systems will be needed to facilitate the implementation of the recommendations embodied in this report. The development of MEIRs and Urban Service Programs will provide information that has not been readily available. Procedures should be developed to store data on service levels and thresholds established in MEIRs so that the cumulative impacts of development can be monitored.

Implementation Proposals

The requirement that a finding of net benefit be made prior to approval of applications for zoning, rezoning, or rezoning can be implemented by either amending the zoning ordinance or adding a new article to the Municipal Code. The City Council should be named as the body responsible for determining net benefit, and the appeals procedures should be prescribed.

Amendment of Article XX, the City's Environmental Review Ordinance, will be necessary to require statements of overriding considerations.

One way of informing other City departments, responsible public agencies, and the public of the status of all development proposals being processed by the Planning Department would be to prepare and make available to the public abbreviated descriptions of recent and pending actions with references to documents containing greater detail. Information should include location of project (by planning area), action requested or taken, date, officer or body holding hearing, existing use, proposed use, number and type of housing units, closing date for appeal, and a list of reports available.

To enhance the opportunities for public participation in the development review process, public hearings on draft EIRs, supplements to MEIRs, and MEIRs should be held at night to facilitate review. The development of MEIRs should reduce the number and processing time of project EIRs. MEIRs would discuss the overall impact of area-wide development and are appropriately discussed within the context of maximum public scrutiny.

The current lack of an up-to-date General Plan and zoning regulations forces the Planning Department to make extensive use of the Planned Development (PD) regulations. A common complaint among developers is that they do not know what they will be allowed to build until they prepare plans and a PD is approved. The General Plan is now being revised and will help clear up part of the confusion that now exists. The zoning ordinance should be revised to be more specific and to eliminate the need to rely on PD zoning.



INTER-DISTRICT PLANNING COUNCIL

100 Skyport Drive, San Jose, California 95110 - Phone: (408) 299-4247

October 27, 1975

San Jose City Council
City of San Jose
City Hall
San Jose, California 95110

Dear Members of the Council:

At the request and direction of the Measure "B" Task Force, the Inter-District Planning Council (IDPC) presents herewith recommended uniform cost per dwelling unit to be used in creating agreements between developers and school districts to alleviate projected overcrowding of schools. IDPC is an organization formed by the administrators of the school districts in Santa Clara County to represent the districts in many relationships with other agencies and planning bodies. Representatives of IDPC were active in initiation of Measure "B" and have been involved in the deliberations of the Task Force since its work began.

When the Task Force requested that IDPC devise a formula and calculate a uniform charge to be utilized in agreements required under the ordinance, a committee of representatives of the seven districts all or part lying in San Jose now experiencing most impact from development was formed to reach consensus on the issue. This committee is composed of: Dr. Gregory Betts, Berryessa; Ed Alliguie, East Side Union High; Dr. Clark Schiller, Evergreen; Rodger Cryer, Franklin-McKinley; Dr. Paul Richert, Morgan Hill Unified; James Russo, Oak Grove; and Gerald Weltzin, San Jose Unified. Their recommendations, endorsed by the Executive Committee of IDPC, follow:

1.0 Cost per dwelling unit of new construction should be:

- | | | |
|-----|------------------------|----------|
| 1.1 | K-8 Single Family - | \$357.82 |
| 1.2 | K-8 Multiple Family - | 178.91 |
| 1.3 | K-8 Mobile Home - | 178.91 |
| 1.4 | 9-12 Single Family - | 123.00 |
| 1.5 | 9-12 Multiple Family - | 49.20 |
| 1.6 | 9-12 Mobile Home - | 49.20 |

Improving the environment for education through responsible community planning.

This cost per dwelling unit should be in effect from the effective date of a new ordinance until June 30, 1976, to be superceded by an adjusted figure to be determined as detailed later in this letter.

2.0 The formula for calculating the cost per dwelling unit shall be the temporary facility cost for 2 years divided by a uniform classroom loading factor (separate factors for K-8 and 9-12 students) multiplied by child yield (six categories).

3.0 Factors used in the formula to determine the above uniform costs are explained as follows:

3.1 Cost of providing temporary space for 2 years are identified in the attachment to this letter and are defined below.

3.1.1 Leasing cost of a portable classroom building for the 2-year period during which district can provide permanent space for the school children. (Note: in many cases, 3 years is required to complete new schools, but through good planning and expeditious procedures, it can be accomplished in 2 years.)

3.1.2 Site preparation, installation costs and utility connection charges are essential to use of the space.

3.1.3 Utility disconnection charges are assessed by utility companies at the end of the service period and require special payment.

3.1.4 Site restoration costs include items necessary to return the site to its condition prior to the necessity to install temporary facilities.

3.2 Costs not included in the formula

Several additional "extra" costs which are incurred by the districts in the use of temporary quarters were identified by the committee but not included in the above "cost of temporary space." They are:

3.2.1 Operational and maintenance costs, although greater for temporary than for permanent space, were considered to be part of usual costs for the district.

3.2.2 Purchase of furnishings for temporary rooms often must occur before building funds are available, but was not included since some districts are able to utilize such furnishings in new or existing spaces.

3.2.3 Insurance costs are higher for temporary units but were categorized with other operational costs.

3.2.4 Some districts incur extra cost to rehabilitate portable units at the end of the lease period. Some lease agreements do not include this item, so it was deleted from those shared in common by all districts.

3.3 Classroom loading factor

The number of students assigned to a temporary classroom varies among the district as indicated in the attachment to this letter. Although the number of pupils per classroom is smaller for grades 7 and 8, a composite K-8 factor was derived so it can be applied to elementary districts as well as to elementary schools in unified districts.

- 3.4 Child-yield per dwelling unit show considerable variation. The committee chose to delineate three types of units as predominant sources of pupils: single family dwellings, multiple family dwellings, and mobile homes. The rates shown in the attachment are proposed for use until July 1, 1976, at which time new factors should be available from data contained in Census '75.

4.0 Annual update of cost per dwelling unit

The uniform costs detailed herein are to be revised annually based on experience as to new leasing costs (inflation, etc.) and child-yield rates. IDPC will submit proposed new uniform costs to the Council in accordance with the schedule required by the Council for adoption prior to the effective date of the new charges.

5.0 Recapitulation of cost elements in this proposed cost per dwelling unit:

5.1 Two year rental cost per classroom - \$12,300

5.2 Classroom loading:

- 5.2.1 K-8 - 27.5 pupils
- 5.2.2 9-12 - 25 pupils

5.3 Child-yield factors

- 5.3.1 K-8 Single Family - .80
- 5.3.2 K-8 Multiple Family - .40
- 5.3.3 K-8 Mobile Home - .40
- 5.3.4 9-12 Single Family - .25
- 5.3.5 9-12 Multiple Family - .10
- 5.3.6 9-12 Mobile Home - .10

IDPC appreciates the opportunity to serve the City of San Jose and the school districts affected by Measure "B" in presenting this information. We will be pleased to provide further explanation of the material if requested to do so.

Sincerely yours,


DUANE L. BAY, Chairman

DLB:LWH:pc
Attachment

cc: Measure "B" Task Force
IDPC Executive Committee
Glenn Hoffmann, County Superintendent
Les Hunt, IDPC Exec. Secretary

Costs of Temporary School Housing
Composite Data From Seven Districts*
October 27, 1975

	Highest** Each Item	Highest*** District	Average	Most Common	Proposed
Rental for 2 years	\$11,600	\$11,600	\$ 9,790	\$ 9,000	
Site Preparation	700	700	510	600	
Installation	1,000	inc.	1,000	1,000	
Utility Connections	1,875	600	1,095	1,000	
Utility Disconnections	800	200	456	200	
Site Restoration	700	700	533	500	
Total for 2 Years	\$16,675	\$13,800	\$13,384	\$12,300	\$12,300
Operational Cost (2 yrs.)	2,500	1,560	1,330	1,500	
Maintenance Cost (2 yrs.)	2,400	2,400	960	600	
Classroom Furnishings	2,000	1,500	1,481	1,600	
Total Cost for 2 Years	\$23,575	\$19,260	\$17,155	\$16,000	\$12,300

Classroom Loading Factors

K-6	31	--	29.2	29)	
7-8	26	--	25	23.5)	Composite
K-8	30	--	29.2	30	27.5
9-12	30	--	26.67	25	25

Child Yield Per Dwelling Unit

K-8	SF	.92	--	.804	.75	.80
9-12	SF	.37	--	.276	.25	.25
K-8	MF	.72	--	.45	.33	.40
9-12	MF	.17	--	.115	.10	.10
K-8	MH	1.15	--	.59	.40	.40
9-12	MH	.20	--	.15	.10	.10

* Data from San Jose Unified, Morgan Hill Unified, East Side Union High, Berryessa, Evergreen, Franklin-McKinley and Oak Grove school districts.

** Composite of highest cost reported for each item by any district in the reporting group.

*** Costs reported by the district with highest total costs of all districts in the reporting group.

Cost Per Dwelling Unit

Formula: Temporary facility cost (2 years) \div Classroom Loading Factor
x Child Yield = Cost/Dwelling Unit

Calculation (Proposed Factors):

K-8 Single Family - $\$12,300 \div 27.5 = \$447.28 \times .80 = \$357.82/\text{DU}$
9-12 Single Family - $\$12,300 \div 25 = \$492.00 \times .25 = \$123.00/\text{DU}$
K-12 Single Family - $\$480.82$

K-8 Multiple Family - $\$12,300 \div 27.5 = \$447.28 \times .40 = \$178.91/\text{DU}$
9-12 Multiple Family - $\$12,300 \div 25 = \$492.00 \times .10 = \$49.20/\text{DU}$
K-12 Multiple Family $\$288.11$

K-8 Mobile Home - $\$12,300 \div 27.5 = \$447.28 \times .40 = \$178.91/\text{DU}$
9-12 Mobile Home - $\$12,300 \div 25 = \$492.00 \times .10 = \$49.20/\text{DU}$
K-12 Mobile Home $\$288.11$

ATTACHMENT 2

MEASURE B

Ordinance of the City of San Jose placing a 2-year restriction on zoning for residential purposes in neighborhoods where the total area of school building construction per pupil of estimated enrollment is below certain standards; calling for the undertaking of studies, during said 2-year period, of issues relating to further residential development; and requiring an affirmative vote of 5 members of the City Council to overrule protests of school districts to certain zoning and permits.

BE IT ORDAINED BY THE PEOPLE OF CITY OF SAN JOSE

WHEREAS

1. The protection of the health, safety, and general welfare of the citizens of the City of San Jose requires that further residential development not be allowed to occur in any neighborhood of the city where essential community services do not meet certain minimum standards.

2. Adequate schools, in which children are not required to be in overcrowded classrooms or on double sessions, are among the most vital of the community services that must be provided in conjunction with all new residential development.

3. The school districts in San Jose have done their utmost to keep up with expanding residential developments in San Jose, but have been unable to do so.

4. Under the circumstances, the failure of the San Jose City Council to require the provision of adequate schools as a condition to new residential development has created a major crisis, in which a substantial number of children do not have adequate facilities for education.

5. For the foregoing reasons, it is necessary and appropriate that residential development be restricted for a temporary period of two years, during which time studies can be made of the school problem and other issues relating to further residential development.

NOW, THEREFORE:

1. For a period of two years from the date this ordinance becomes effective, the City Council of San Jose shall not zone, pre-zone, or re-zone any land for residential use, if such land is located in a school district where the total area of school building construction per pupil of estimated enrollment, counting the estimated enrollment of the proposed development itself, will be less than that computed under the following schedule:

Type of School	Enrollment	Sq. feet per pupil
Elementary school comprising kindergarten and grades 1 to 6 inclusive	300 or more	55
Elementary school comprising grades 7 and 8	750 or more	75
Junior high school comprising grades 7 to 9 inclusive	750 or more	75
Junior high school comprising grades 7 to 10 inclusive	750 or more	75
High school comprising grades 7 to 12 inclusive	750 or more	80
High school comprising grades 9 to 12 inclusive	750 or more	85
High school comprising grades 10 to 12 inclusive	750 or more	85

For purposes of this ordinance, the estimate of enrollment must be one which is valid for use under Section 19420 of the California Education Code, as amended.

This section shall apply to ordinances which are adopted as urgency or emergency ordinances.

2. During the aforesaid two-year period, the City of San Jose, in cooperation with all entities in any way responsible for community services within the City, and with maximum citizen participation, shall undertake a thorough study of all problems connected with further residential development in the City, including, but not limited to, the following:

a) How all further residential developments can be allowed to take place only with insurance that all necessary community facilities will be provided concurrently with such development.

b) Whether further residential development should be allowed if it violates any environmental standards, particularly those pertaining to water and air pollution, or overtaxes the ground water supply.

c) What are the costs and benefits of further residential development, and how can the City ensure that any development that does take place shall constitute a net benefit to the City.

d) How further residential development can be required to include an equitable proportion of housing for all income levels.

e) What the optimum population level is for the City of San Jose, considering all environmental, economic, and other human factors.

f) What actions can be taken to ease the shift of the San Jose economy to one less dependent on residential growth.

3. The provisions of Section 1 of this ordinance shall not apply if there is filed with the City Council, by or on behalf of the governing bodies of all school districts in which the subject land is situated, written certification that the party seeking residential use has entered into binding agreements to provide a satisfactory temporary alternative to permanent school construction.

4. If, prior to the closing of the City Council hearing on a proposed ordinance zoning or rezoning property to a residential use, or granting any permit of any kind for residential use, there is filed with the City Council, by or on behalf of the governing body of any school district in which the subject property is located, a written protest against the adoption of the proposed ordinance or permit, on the ground that said governing body has found that said ordinance or permit would tend to cause impaction in any individual school or schools in said district, then in that event the City Council shall not adopt said ordinance unless said Council first overrules such protest by an affirmative vote of five or more of its voters.

This section shall apply to ordinances which are adopted as urgency or emergency ordinances.

5. No part of this ordinance may be amended or repealed except by the voters of the City of San Jose at a regular municipal election.

6. If any portion of this ordinance is declared invalid, the remaining portions are to be considered severable and valid.

BIBLIOGRAPHYBackground Reports.

1. Report 1. Measure "B" Study Work Program, August, 1974.
2. Report 2. Review of Work to date - Development of a Program for New Work. January, 1975.
3. Report 3. Future Residential Development in San Jose, July, 1975.

Background Working Papers prepared by the Consulting Firm of Livingston and Blayney, San Francisco for the Measure "B" Study.

- WP1. Evaluation of the Effects of Measure "B", April 10, 1975.
- WP2. Evaluation of City Cost-Revenue Procedures Used to date, April 15, 1975.
- WP3. Recommendations for Cost-Revenue Application, May 15, 1975.
- WP4. Effectiveness of Existing Residential Development Review Process, and Existing Environmental Control/Protection Review Procedures, May 15, 1975.
- WP5. Means of Achieving Equitable Distribution of Housing for All Income Levels, May 8, 1975.
- WP6. Options for Determining Net Benefit and For Balancing Impacts, May 8, 1975.
- WP7. Recommended Net Benefit Process, June 6, 1975.
- WP8. Recommended Environmental Review Process, June 6, 1975.
- WP9. Recommended Residential Development Approval Process, June, 1975.

Background Working Documents prepared by City Staff for the Measure "B" Study.

- WD20. Location and Magnitude of Future Urban Growth in San Jose, April, 1975.
- WD23. Residential Growth and School Capacity, April, 1975.
- WD25. Existing City Residential Development Review Procedures, April, 1975.
- WD26. Existing City Environmental Standards and Review Procedures, April, 1975.
- WD27. Necessary Facilities/Services for New Residential Development, April, 1975.
- WD28. Existing City Policy Concerning Housing Mix and Variety, April, 1975.
- WD29. Present and Planned Programs for Achieving Stable Economic Base, June, 1975.

APPENDIX #4

ORGANIZATIONS AND INDIVIDUALS CONTACTED

The following agencies, organizations, or individuals were contacted to obtain information and solicit viewpoints on Measure B. An additional 200 organizations in San Jose received notification and information on the Measure "B" Study.

City Departments

City Attorney
Economic Development
Environmental Commission
Department of Public Works
 - Engineering Services
 - Hydraulics
 - Transportation
Human Relations Commission
Office of Annexations
Office of Policy Research
Planning Department

Other Public Agencies

Association of Bay Area Governments	Vivian Brown
Bay Area Air Pollution Control District	Helene Kornblatt Ralph Mead Richard Thuiller
City of Cupertino	Planning Department
Marin County	Planning Department
Regional Water Quality Control Board	Richard Whitsel
Santa Clara County	County Counsel Planning Department LAFCO
Santa Clara Valley Water District	Jack Farash Dr. Bernard Goldner Stan Wolfe
Santa Cruz County	Planning Department

State Allocations Board

John McManus

U.S. Department of Housing and
Urban Development

Ted Nasoaka

School Districts

Alum Rock
Berryessa
Cambrian
Campbell Union
Campbell Union High
Cupertino
East Side Union High
Evergreen
Franklin-McKinley
Fremont Union High
Luther Burbank
Moreland
Oak Grove
Orchard
San Jose Unified
San Jose Unified
Santa Clara Unified
Union

Keith Cakebread
Gregory Betts
Albert Vatuone
Mrs. Melva Miller
Dean Chamberlain
Frank Brunetti
Frank Fiscalini
Richard Key
Clark Schiller
Robert Martin
Charles Zaroun
Robert Bjoring
Gary Bathurst
Donald Adam
John Davis
Gerald Weltzin
Chuck Ackermann
Marshall Ballentine

Residential Development Industry

Arcadia Homes
Associated Building Industry of
Northern California
Associated General Contractors
Blackwell Homes
Dura Style Homes
Lowell Grattan
Kaufman and Broad
Leep Homes
Ponderosa Homes
Shapell Industries
Singer Homes

Jess Stacy

James O'Brien
Peter Muller
Jack Blackwell
Mike Engdol
Developer
Scott Philips
Elwood Leep
Ken Riding
James Ghielmetti
Len Fryer



CL24899637

Engineers, Designers, FIR Consultants

Brandenburg, Stadler and Moore
 Center for Environmental Design
 Jennings-McDermott-Heiss
 MacKay and Soms
 Ruth and Going
 Sage Research Corporation

Rudy Stadler
 Richard Frisbee
 William Heiss
 Hank Young
 Leo Ruth
 Charles Pillers

Homeowners' Associations

Berryessa Citizens Advisory Council

San Jose Alliance of Homeowners

- Almaden Creekside Homeowners' Association
- Almaden Valley Homeowners' Association
- Blossom Heights Homeowners' Association
- Edenvale Homeowners' Association
- Hidden Glen Homeowners' Association
- Los Pastos Homeowners' Association
- Rancho Santa Teresa Homeowners' Association
- Sunnyhaven South Homeowners' Association

Piedmont Hills Homeowners' Association

Other Organizations and Individuals

Evergreen Steering Committee

Walter Hays, Attorney and former Councilman

Inter District Planning Council

Pacific Gas and Electric Land Department

Santa Clara AIA

Santa Clara County Landowners Association

Society for California Archaeologists

University of California, Santa Cruz

Richard Neiman

Morgan Woollett

Shiraz Kaderali

Rex Morton

Mrs. Jo Kurz

Chester King

Prof. James Pepper